BOTSWANA
Metals Limited
ABN 96 122 995 073

ASX Code: BML

TO: **COMPANY ANNOUNCEMENTS OFFICE**
ASX LIMITED

DATE: **30 SEPTEMBER 2016**

2016 ANNUAL REPORT

Attached is the Annual Report of Botswana Metals Limited and its controlled entities for the year ended 30 June 2016.

Pat Volpe
Chairman

Botswana Metals Limited
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BOTSWANA METALS LIMITED
AND ITS CONTROLLED ENTITIES
ACN 122 995 073

ANNUAL REPORT
30 JUNE 2016

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CORPORATE DIRECTORY

Directors:	Patrick John Volpe (Executive Chairman) Massimo Livio Cellante Paul Woolrich
Company Secretary:	Ramon Jimenez
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Banker:	Bank of Melbourne Level 8 530 Collins Street MELBOURNE VIC 3000
Auditor:	William Buck Level 20 181 William Street MELBOURNE VIC 3000
Stock Exchange:	ASX Limited Level 45 Rialto South Tower 525 Collins Street MELBOURNE VIC 3000

CHAIRMAN'S REPORT

On behalf of the Board, it is with pleasure that I present the audited Annual Financial Report for the year ending 30 June 2016.

Botswana Metals Limited and its Joint venture partner BCL Limited have achieved great progress in a difficult time for exploration companies in an environment where exploration dollars were very tight for base metals exploration including Nickel.

As your Chairman, I am pleased to advise that much activity was achieved in 2016. This included the JV agreeing to proceed with the preparation of a Bankable Feasibility Study for the open pit mine based on the resource at Maibele North. Underground mining based on current Nickel prices will be considered once the price of Nickel recovers. The full focus being on the economics of an open pit mine plan for Maibele North based the known JORC resource which is potential stock feed for the BCL plant. The BFS results and decision to mine or otherwise is expected in early 2017

Based on the results of the exploration conducted in 2016 by BML in its own right, BCL have also expressed interest in PL 059/2008 which is the extension to the east of the Maibele North strike. BCL has supported BML's application to have this PL extended and, if granted by the DOM, BCL and BML will then negotiate terms to have this PL included into the JV portfolio.

In September 2016 BCL had commenced drilling on 3 priority targets at Takane PL 54/98 where drilling will determine the level of interest from BCL to pursue these and other targets on the PL.

BML in its own right, has revisited the potential for Tantalum (Ta) on its licences and where Ta exploration crosses over onto the JV ground, BCL has agreed for BML to explore in its own right. A formal document for this has been agreed to be prepared and is still pending. BML also believe that Lithium(Li) potential exists with the Ta in the pegmatites. A ground mapping and soil geochemical program is still in progress to identify potential Li and Ta drill targets.

The company was granted several new licenses during the period in line with its strategy of securing the most prospective area for exploration along the Limpopo Belt.

Also, the three JV PL's namely, PL 110/94, PL 111/94 and PL 54/98, were granted an extension by the Department of Mines (DOM) in Botswana for a further two years to 31 March 2018.

This will allow the Joint Venture time to prepare and complete the Bankable Feasibility Study on the economic viability of the Maibele Resource and a decision to mine as an open pit operation, will be determined based on the BFS result.

Subject to the economics of the feasibility study, the potential Maibele North open pit mine will provide feedstock for the BCL plant and operations at Selebi Phikwe in Botswana. BCL Limited is 100% owned by the Botswana Government and has been mining at Selebi Phikwe since the 1960's. BCL currently has ~5,000 employees and the township has a population of ~50,000 people.

The joint venture partner BCL, can earn a 70% interest in the three PLs under the agreement and the focus is to achieve a mining licence.

BML has continued to provide solid logistical support and our excellent infrastructure to the joint venture.

Further details on the joint venture terms, exploration progress and operations for the period are provided in the Review of Operations section of the Directors' Report.

Along with our staff and management team, I would wish to thank our shareholders for the ongoing support and understanding over the recent difficult years for exploration companies.

Your Board believes that 2016 was a significant year forward for BML and is now repositioning the Company into a solid position with the potential for BCL to commence mining in the near future, whilst BML continues exploration activities in the new world of minerals namely for Li and Ta.

Your Board looks forward to making progress in line with our plans and strategies outlined above in order to achieve our objective set for 2017.

Patrick J Volpe
Chairman
30 September 2016

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Botswana Metals Limited and its controlled entities ("the Group") for the year ended 30 June 2016.

DIRECTORS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this Report:

Patrick John Volpe (Executive Chairman)

Massimo Cellante

Paul Woolrich

COMPANY SECRETARY

Ramon Jimenez held office as Company Secretary during the year. Mr Jimenez has qualifications in law and has completed a Bachelor of Commerce with an Accounting major. He has held similar positions with listed and unlisted companies over the past 11 years.

PRINCIPAL ACTIVITIES

The Company's principal activities during the year have been the continuing exploration in the mining industry. The main business activities in recent years have been focused on the exploration development for base metals and in particular for nickel and copper and PGEs within the Company's tenement portfolio located over the Limpopo belt on the eastern side of Botswana.

There were no significant changes in the nature of the Company's principal activities and, with the exception of applying for several new prospecting licences covering the Limpopo Mobile Zone, the Company did not seek any other exploration expansion activities during the financial year.

OPERATING RESULTS

The consolidated loss for the year attributable to the members of the Group was:

	2016	2015
	$	$
Operating loss after income tax	**(945,679)**	(725,374)
Net loss attributable to members of the Group	**(945,679)**	(725,374)

DIVIDENDS

As the Company's principal activities are minerals exploration it has not as yet paid any dividends and does not see any short–term return to shareholders via dividend payments.

REVIEW OF OPERATIONS

A summary of Botswana Metals Limited activities during the year follows.

ANNUAL REPORT TO 30 JUNE 2016

HIGHLIGHTS

- ✓ **BCL commits to BFS for open pit mining at Maibele North for Ni+Cu+Co+PGEs.**
- ✓ **Over 12,000m of infill and step out drilling at Maibele North – 475m of new mineralisation discovered along strike**
- ✓ **BCL exercises rights to earn into PL 059/2008 currently owned 100% by BML (subject to formal documentation on terms).**
- ✓ **BML discovered strong conductors and sulphides in PL 059/2008, along strike from Maibele North**
- ✓ **BCL commence drilling on three targets at Takane in potential new mineralised zone for Ni+Cu.**
- ✓ **BML expands business focus to include Lithium and Tantalum.**
- ✓ **Lithium (Li) and Tantalum (Ta) exploration commences at three identified anomalous areas.**
- ✓ **Significant Cobalt (Co) present in sulphide ore at Maibele**

✓ *The Board is pleased with the achievements of Financial Year 2016 which have confirmed its strategy of realigning the company's focus to incorporate the "new World of metals and minerals" such as Lithium(Li), Tantalum (Ta) and Cobalt (Co), the essential elements in the new age of electronics and complement BML's Nickel, Copper and Platinum Group elements (PGE's) portfolio.*

SUMMARY

BCL and BML JOINT VENTURE:

BCL commits to BFS for an open pit mine at Maibele North:

- Botswana Government grants two year extensions to all three Joint Venture Licences to 31 March 2018.
- WorleyParsons pre-feasibility report confirms BCL's commitment to commence a BFS to assess the economics of an open pit mine at Maibele North.
- Proposed open pit at Maibele North will allow quick and most cost effective mining for ore to be trucked to BCL's existing mine and smelter 50km to the south.
- Underground mining will be further assessed if open pit mining commences.
- BFS to commence immediately and Mining Licence application expected to be lodged in early 2017.
- Environmental Impact study is continuing and expected to be completed by early 2017.
- Over 12,000m of infill and step out drilling at Maibele North during FY16 – 475m of new mineralisation discovered along strike
- Numerous opportunities to increase the resource along strike to the west (initially at airstrip) and further to the west and to the east where step out drilling has not been incorporated in the pre-feasibility study.
- The resource is open at depth to the west and to the east over a potential 16km strike.

BML 100% PL 059/2008 to form part of the BCL JV:

- BCL has exercised rights over BML's 100% PL 059/2008 extending strike to the east over a potential 16km (subject to terms and conditions of the Farm-in joint venture agreement).
- Exploration undertaken by BML during FY16 has uncovered a number of strong conductors and drilling at one prospect has revealed significant sulphide mineralisation

Drilling to commence at Takane PL 54/98:

- BCL to commence drilling at Takane over a new horizon to the east of the Maibele resource.
- Target for Ni + Cu + Co + PGEs:
    - Any discovery will declare that region a new mineralised zone.

- Over 23 VTEM anomalies with three tested with SQUID EM technology.
- Three selected targets to drill down to 400m to test soil-VTEM and SQUID anomalies for Nickel.
- Every SQUID conductor so far drilled at the nearby Maibele North deposit has hit sulphide mineralisation.

Li –Ta: BML restructures focus to include Lithium and Tantalum:

- At least three zones identified from previous BML exploration that have surface Ta of up to 1,540 ppb.
- Potential for Li will be explored along with the Ta in the pegmatites.
- Ground exploration for Ta - Li commenced with soil sampling during the year.
- BML recognises potential for pegmatite-hosted Tantalum and Lithium in Botswana licences.

OPERATIONS REPORT
EXPLORATION ACTIVITIES FOR FY16

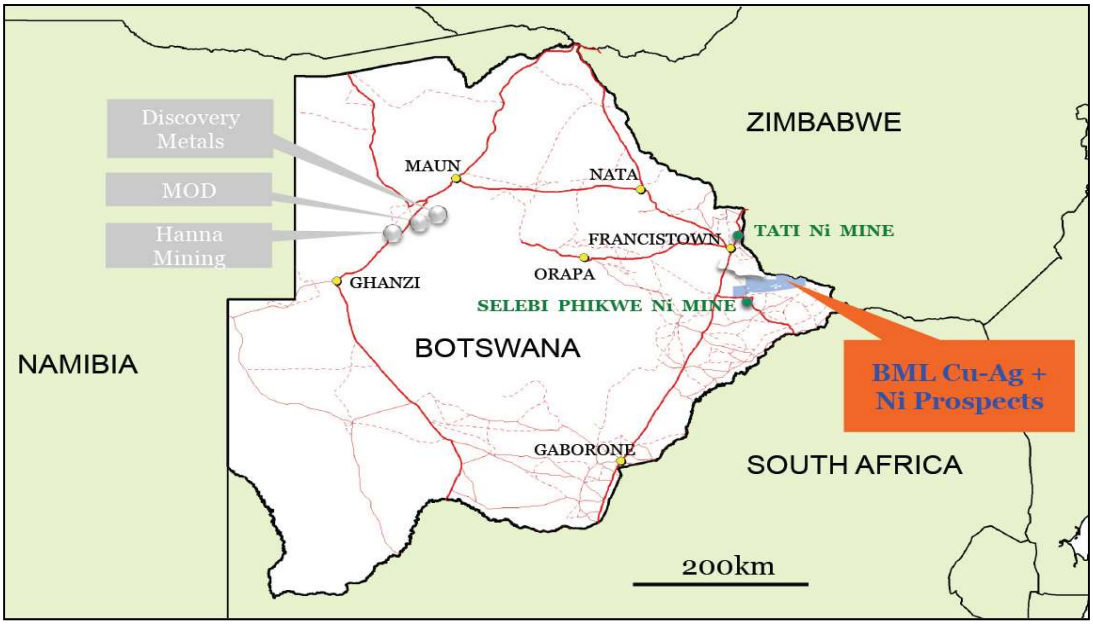

Figure 1: Location of Botswana Metals Limited Exploration portfolio in Botswana

JOINT VENTURE EXPLORATION ACTIVITIES

The extensive work program at Maibele North continued during FY16 with a major resource-focussed drilling campaign preceding a detailed pre-feasibility study, the results of which have led to a decision by the Joint Venture partners to proceed to a Bankable Feasibility Study.

BML-BCL JOINT VENTURE STATUS

During June 2016, the JV partners announced that BCL has elected to proceed to a Bankable Feasibility Study (BFS) with the view of applying for a mining licence to mine Maibele North. The decision was subsequent to a JV review of the results of the Pre-Feasibility Study (PFS) completed by WorleyParsons late in FY16. The PFS analysed an initial open pit operation with a view to continue further exploration and drilling to evaluate the potential for underground mining. The JV aim is to complete the BFS and lodge a mining licence and EIA study (commenced late-2015) by early 2017. The PFS report is commercial-in-confidence at this stage at BCL's request, in accordance with the farm-in joint venture agreement.

BCL also advised BML that it has surpassed the JV requirement to fund $4M of exploration during the first two years and has elected to continue with the JV. BCL will formally notify BML of its intentions of funding a BFS to earn a 70% interest in three prospecting licences (PL 110/94, PL 111/94 and PL 54/98), which are the assets of the JV. BCL has now earned an initial 40% interest in the three PLs and by electing to fund the BFS will take management rights over the project development and earn 70% interest in the PLs after completing the BFS.

The BFS will determine the optimum route to mining where the pre-feasibility study showed that an initial open pit at Maibele North would be the quickest and most cost effective route when compared to other options. The BFS will also evaluate in more detail the viability of underground mining. Subject to a favourable result from the BFS it is expected that mining could commence as early as 2017.

Addition to the Joint Venture - PL 059/2008 Maibele North Extension (100% BML)

At the end of June 2016, the JV Partner, BCL Limited, decided to exercise its pre-emptive right under the farm-in joint venture agreement over the 100% owned PL 059/2008 (PL 59). PL 59 is to the east of the Maibele North JORC-compliant (2012) inferred resource and within the 16km mineralised horizon along strike and has potential to host additional sulphide mineralisation for Nickel + Copper + Cobalt and PGEs. PL 059/2008 was subject to exploration including ground geophysics and follow up RC drilling (100% funded by BML) that intersected sulphides during FY16.

BML has lodged an application with the Department of Mines in Botswana for an extension of PL 59 and the market will be kept informed as the JV agreement is formalised to incorporate PL 59 into the JV once notice of the extension is received (expected in early 2017).

Joint Venture Licence Renewals

During June 2016, the Botswana Government, through the Department of Mines, granted an extension to three of BML's exploration licences for a period of two years effective from 1 April 2016.

The granting of the extensions to JV licences PL 110/94, PL 111/94 and PL 54/98 allows for the seamless continuation of the very successful Joint Venture with BCL to proceed unimpeded as it progresses with the BFS, further exploration and evaluation and eventually a Mining Licence application.

WORK PROGRAM

Drilling - Maibele North

An extensive drill program designed to both upgrade and grow the JORC-compliant Inferred resource was undertaken during FY16. Totalling 12,043m, the 54-hole drilling program was designed to provide further infill drill holes for the current Maibele North resource to enable an upgrade of resource status to indicated and/or measured category. The program was also designed to test interpreted extensions to the resource along strike to the east and west where significant geophysical targets have been discovered. Geotechnical and metallurgical samples were also collected for planned mining feasibility work.

Drilling was a mix of percussion (mostly pre-collars) and diamond drill core. Samples were analysed either at an independent laboratory SGS in South Africa or at BCL Limited's in-house laboratory facilities at the Selebi Phikwe or Tati Nickel mines.
(Figure 2, Tables 1 and 2).

Drilling Results and Observations

The program successfully achieved its planned outcomes and included the following key observations:

- Thick intersections of disseminated, massive and semi-massive Ni+Cu+PGEs intersections continued to be encountered within the existing resource area
- Assay results confirmed high-grade Ni+Cu+Co mineralisation in strong sulphide zones both within, and outside of, the existing resource
- New discovery of a continuous, 475m long extension to the ore zone was intersected east of the orebody by drilling prominent SQUID EM (Electro-magnetic) targets outlined by ground geophysical surveys
- Step out holes to date have intersected significant sulphides:
    - 200m beneath the known ore body
    - 250 m to the east of the known ore body
    - 475m to the north-east of the known ore body
    - 125m south west of the known are body
- All SQUID EM targets intersected at Maibele North have returned sulphides and demonstrate the effectiveness of this technique for sulphide discovery in the Magogaphate Shear Zone.
- The total continuous strike of mineralisation extends to approximately 1.4km and remains open to the east, west and at depth
- Mineralisation occurs at or close to the surface and demonstrates potential for both open pit and underground mining

FY16 continued to see exploration at the Maibele North Project return outstanding results, including the discovery of a further 475m of mineralisation that remains open along strike and at depth. Infill drilling has confirmed the continuity and tenor of the resource and enabled the completion of a detailed Pre-feasibility study. Further exploration success either along strike or at depth will only enhance the project.

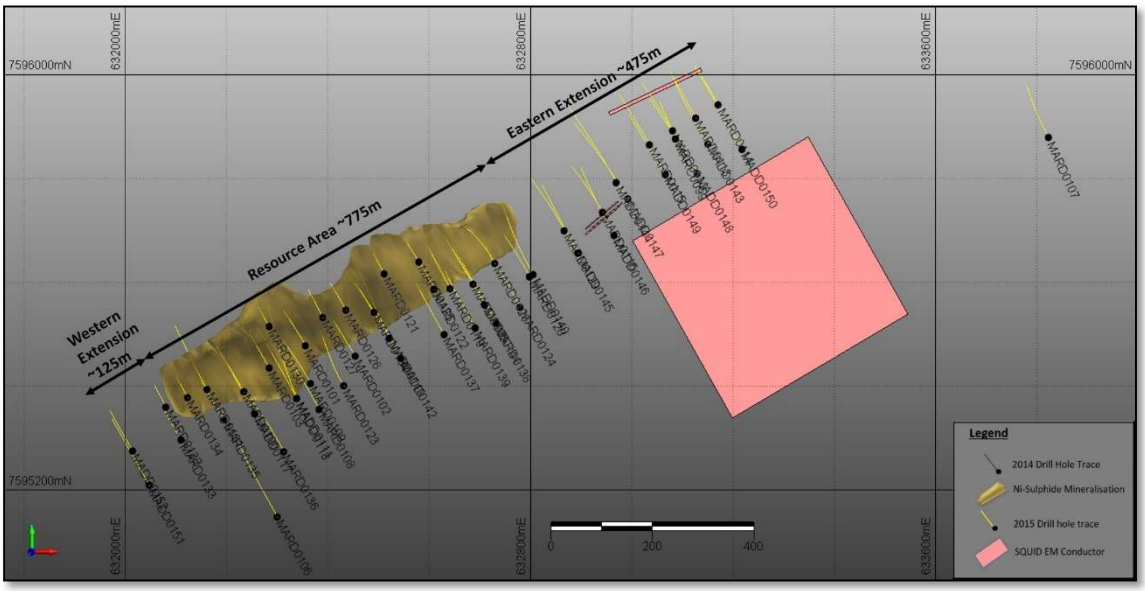

Figure 2: *shows the Maibele North orebody and in yellow the 54 holes completed in the 2015 program. The pink shapes represent modelled SQUID conductors. The figure outlines the extents of mineralisation intersected along strike to the east and west. These new discoveries bring the total strike of drilled mineralisation to approximately 1375m.*

Table 1: *Significant intersections from the FY16 drilling*

Hole ID	From (m)	Thick (m)	Ni%	Cu%	Co ppm	Au g/t	Pt g/t	Pd g/t	Rh g/t	Ru g/t	Comment
MARD0103	112.47	4.26	1.07	0.39	611	0.08	0.04	0.37	0.08	0.18	
incl.	112.47	0.75	2.09	0.88	1260	0.09	0.05	0.66	0.16	0.34	
incl.	114.47	0.83	1.44	0.49	766	0.07	0.06	0.52	0.11	0.31	
And	133	5.23	1.85	0.4	852	0.08	1.06	0.63	0.07	0.2	
incl.	134.86	3.37	2.67	0.53	1196	0.1	1.15	0.9	0.1	0.27	
MARD0108	208.33	1.36	0.79	0.24	485	0.02	0.11	0.26	0.04	0.08	
incl.	208.33	0.36	2.07	0.34	1140	0.01	0.01	0.64	0.1	0.13	
MARD0101	119.28	3.17	0.71	0.14	299	0.03	0.06	0.23	0.04	0.17	
incl	119.28	1.24	1.58	0.27	599	0.01	0.09	0.46	0.09	0.41	
incl	119.96	0.56	2.89	0.06	1040	0.01	0.01	0.7	0.17	0.72	
MARD0104	110.54	0.98	2.64	0.48	1330	0.02	0.3	0.67	0.13	0.39	
And	115.46	0.29	2.5	0.26	1410	0.07	0.01	0.7	0.16	0.25	
MARD0105	171.32	3.55	0.55	0.25	318	0.03	0.06	0.16	0.02	0.03	
And	178.59	0.62	1.59	0.2	712	0.03	0.02	0.56	0.05	0.07	
And	181.73	1.52	0.24	0.25	159	0.02	0.68	0.3	0.05	0.17	
MADD0117*	92	0.65	0.31	0.07	n/a	n/a	n/a	n/a	n/a	n/a	**RESOURCE INFILL HOLES**
and	188.8	1	0.33	0.07	n/a	n/a	n/a	n/a	n/a	n/a	
MARD0100*	126	1	0.35	0.04	n/a	n/a	n/a	n/a	n/a	n/a	
and	130	1	0.34	0.06	n/a	n/a	n/a	n/a	n/a	n/a	
MARD0119	137	1	0.39	0.29	263	0.03	0.07	0.19	0	0.07	
and	140.52	1.24	0.47	0.69	352	0.07	0.02	0.32	0.08	0.1	
and	146.1	1.9	0.99	0.27	589	0.03	0.03	0.38	0.1	0.18	
incl	**147**	**1**	**1.42**	**0.34**	**874**	**0.03**	**0.03**	**0.56**	**0.14**	**0.25**	
and	151.5	0.35	0.73	0.05	367	0.02	0.02	0.04	0.06	0.12	
MARD0121*	NSR										
MARD0122	**127.55**	**0.35**	**1.85**	**0.1**	**880**	**0.03**	**0.07**	**0.59**	**0.24**	**0.72**	
and	**134.23**	**4**	**1.8**	**0.59**	**882**	**0.08**	**0.07**	**0.8**	**0.18**	**0.46**	
incl	**134.23**	**1.59**	**2.17**	**0.74**	**1054**	**0.06**	**0.05**	**1.02**	**0.27**	**0.73**	
incl	**137**	**1.23**	**2.21**	**0.4**	**1040**	**0.04**	**0.03**	**0.83**	**0.14**	**0.33**	
and	139.88	1.12	0.33	0.08	208	0	0.03	0.12	0.02	0.04	
MARD0123*	NSR										
MARD0125*	NSR										
MARD0126	**74**	**0.65**	**1.22**	**0.48**	**594**	**0.09**	**0.05**	**0.48**	**0.11**	**0.29**	
MARD0127	**73.46**	**0.59**	**2.35**	**0.56**	**1130**	**0.12**	**0.04**	**0.81**	**0.2**	**0.59**	
MARD0128	162	1	0.35	0.06	242	0	0.04	0.19	0.07	0.22	
	174.72	**0.32**	**1.84**	**0.16**	**541**	**0.19**	**0.33**	**0.89**	**0.24**	**0.58**	
MARD0130	66.42	0.9	0.66	0.25	360	0.01	0.03	0.25	0.04	0.03	
MARD0131	NSR										
MARD0132	67.3	1.7	0.52	0.06	362	0.02	0.04	0.15	0.03	0.04	

Hole ID	From (m)	Thick (m)	Ni%	Cu%	Co ppm	Au g/t	Pt g/t	Pd g/t	Rh g/t	Ru g/t	Comment
and	76	2.1	0.38	0.09	222	0.04	0.06	0.22	0.02	0.01	
MARD0134*	NSR										
MARD0135	NSR										
MARD0136	NSR										
MARD0138*	228	1	0.4	0.02	300	n/a	n/a	n/a	n/a	n/a	
MARD0112	185	3	0.2	0.05	181				0.02	0.03	**RESOURCE EXTENSION HOLES**
incl	187.57	0.43	0.45	0.05	387	0.03	0.01	0.23	0.05	0.04	
MARD0113	171	16.58	0.18	0.1	169				0.01	0.02	
incl.	187	0.58	0.39	0.16	359	0.2	0.03	0.2	0.01	0.01	
MARD0106	357	2	0.14	0	119	0.01	0.01	0.05	0.01	0.01	
MADD0140*	NSR										
MADD0143*	219.74	0.46	0.37	0.2	n/a	n/a	n/a	n/a	n/a	n/a	
and	225	0.52	0.3	0.08	n/a	n/a	n/a	n/a	n/a	n/a	
MADD0145*	256	2	0.74	0.1	n/a	n/a	n/a	n/a	n/a	n/a	
MADD0146*	251.15	4.37	0.38	0.12	n/a	n/a	n/a	n/a	n/a	n/a	
incl	**252.58**	**0.14**	**2.13**	**0.15**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	
incl	**254.8**	**0.72**	**1.17**	**0.54**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	
MADD0148*	279	2	0.66	0.87	n/a	n/a	n/a	n/a	n/a	n/a	
incl	**279.82**	**0.28**	**1.06**	**0.47**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	
MARC0099*	**240**	**1**	**2.27**	**2.02**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	
and	245	1	0.76	0.18	n/a	n/a	n/a	n/a	n/a	n/a	
MARD0115	NSR										
MARD0116	206.59	0.35	2.06	0.41	914	0.14	0.05	0.99	0.15	0.2	
MARD0129*	**200.27**	**2.18**	**1.55**	**1.28**	**917**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	
incl	**200.27**	**1.03**	**2.17**	**2.22**	**1300**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	
incl	**202.05**	**0.4**	**1.7**	**0.38**	**900**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	
MADD0147	**189.10**	**0.50**	**1.79**	**0.24**	**3200**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	
MADD0149	NSR										
MADD0150	279	1.0	0.2	0.14	100	n/a	n/a	n/a	n/a	n/a	
MADD0151	**200**	**1.0**	**0.67**	**0.40**	**100**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	
MADD0152	131	1.0	0.21	0.15	100	n/a	n/a	n/a	n/a	n/a	
and	140.35	0.42	0.26	0.12	100	n/a	n/a	n/a	n/a	n/a	

Note: All widths are down hole thicknesses. Samples were assayed either at SGS South Africa or at at BCL's in-house facilities at the laboratory at the Selebi Phikwe Ni-Cu mine, with checks undertaken at the company's Phoenix Laboratory at the Tati Ni Mine. The Phoenix laboratory at Tati-Ni is SANAS accredited to the ISO 17025 international standard. The laboratory at the Selebi Phiwke Ni-Cu mine is currently un-certified. Identical QAQC protocols were applied to samples for all three laboratories and QAQC results were deemed to be acceptable for all sample batches.

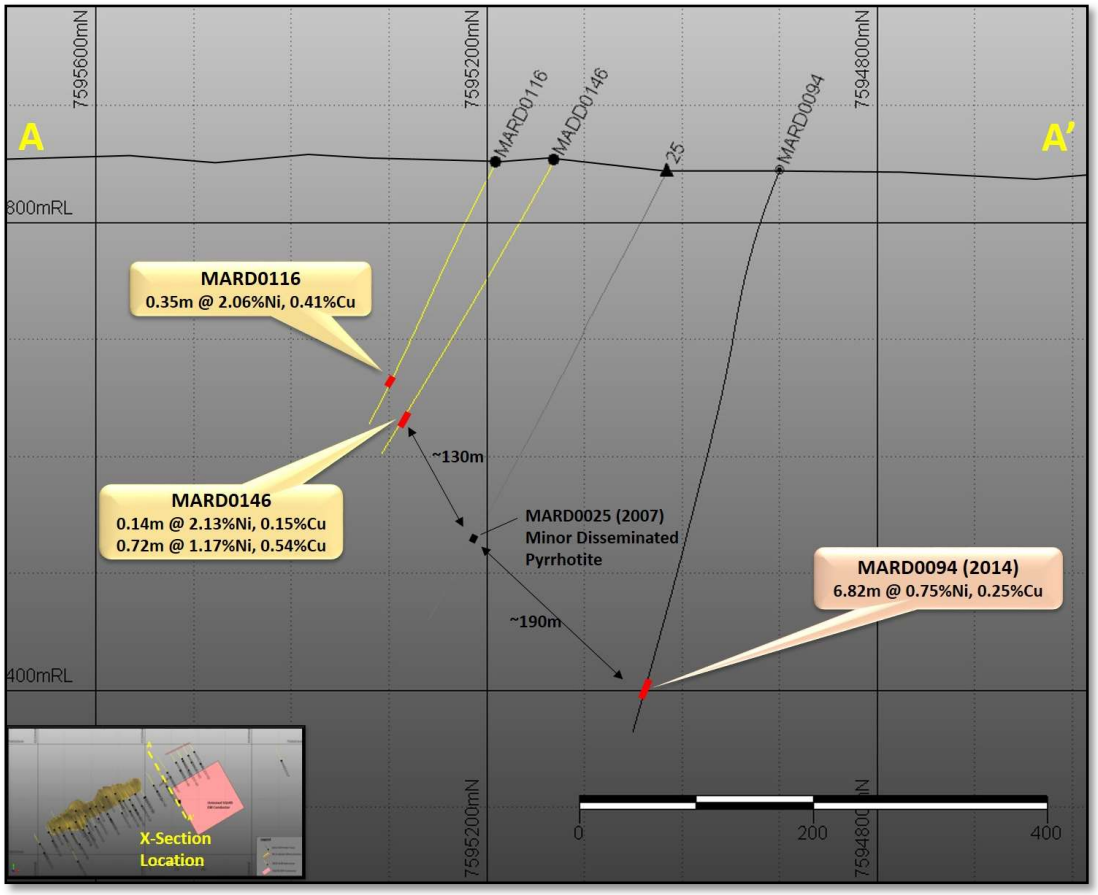

Figure 3: Example cross section through holes MARD0116, 0146, 0025 and 0094. The section is located approximately 180m northeast of the current resource and shows the relationship between recently discovered massive and semi-massive sulphide mineralisation hole MARD0116 and MADD0146. Hole MARD0094 was drilled in 2014 and possibly marks the extension of this mineralisation, some 320m down dip and ~225m vertically below the recently discovered sulphide zone. Historic hole, MADD0025, intersected minor pyrrhotite disseminations approximatley 130m down dip of MADD0146.

Table 2: Collar details of holes drilled at Maibele North during FY16.

Hole ID	East (UTM)	North (UTM)	Dip	AZI	Depth (m)	RL
MARC0099	633088	7595875	-60	335	255.00	849
MARD0107	633823	7595878	-75	335	550.40	851
MARD0106	632301	7595148	-60	330	376.18	840
MARD0100	632235	7595389	-55	330	183.05	841
MARD0101	632357	7595477	-55	330	140.10	849
MARD0102	632455	7595457	-55	330	175.05	843
MARD0104	632492	7595541	-55	330	125.10	842
MARD0105	632688	7595596	-55	330	203.10	846
MARD0103	632285	7595434	-55	330	156.75	845
MARD0110	632523	7595492	-55	330	180.06	844
MARD0126	632436	7595546	-55	330	110.00	845
MARD0127	632391	7595532	-55	330	110.15	839
MARD0123	632432	7595400	-55	330	242.30	846
MARD0130	632285	7595515	-55	330	80.20	850
MARD0108	632384	7595354	-55	330	227.1	843

Hole ID	East (UTM)	North (UTM)	Dip	AZI	Depth (m)	RL
MARD0136	632314	7595274	-55	330	275.60	840
MARD0109	632367	7595405	-55	330	212.05	846
MARD0132	632082	7595359	-55	330	95.15	846
MARD0133	632111	7595296	-55	330	140.15	847
MARD0134	632124	7595378	-55	330	92.20	845
MARD0131	632163	7595393	-55	330	124.2	844
MARD0137	632630	7595499	-55	330	220.00	844
MARD0122	632611	7595586	-55	330	150.06	849
MARD0119	632642	7595588	-55	330	170.10	845
MARD0128	632731	7595636	-55	330	200.20	851
MARD0135	632196	7595334	-55	330	170.20	844
MARD0139	632692	7595511	-55	330	246.00	847
MARD0124	632781	7595551	-60	330	300.90	849
MARD0121	632512	7595615	-55	330	85.20	849
MARD0125	632581	7595638	-55	330	100.00	851
MARD0120	632800	7595610	-60	330	260.00	850
MARD0138	632734	7595520	-55	330	263.25	851
MADD0117	632258	7595346	-55	330	229.56	842
MADD0111	632340	7595376	-55	330	19.23	847
MADD0118	632340	7595376	-55	330	260.12	847
MADD0142	632546	7595453	-55	330	240	845
MADD0141	632711	7595556	-55	330	270	850
MARD0113	633128	7595916	-60	330	215.10	859
MARD0112	633081	7595891	-60	330	244.13	850
MARD0115	633036	7595864	-60	330	250.15	848
MARD0114	633172	7595941	-60	330	185.02	852
MARD0116	632943	7595734	-60	330	248.15	851
MARD0129	632868	7595699	-55	330	245.60	853
MADD0140	632807	7595614	-55	330	250	853
MADD0144	632971	7595791	-55	330	296	853
MADD0143	633152	7595866	-55	330	250	853
MADD0145	632894	7595656	-55	330	280	854
MADD0146	632966	7595689	-55	330	292	853
MADD0147	632992	7595757	-55	330	323.3	850
MADD0148	633132	7595810	-55	330	302.35	849
MADD0149	633067	7595807	-55	330	253	856
MADD0150	633218	7595856	-55	330	320	857
MADD0151	632048	7595209	-55	330	260.3	846
MADD0152	632015	7595275	-55	330	158.3	846

REGIONAL POTENTIAL OF MAIBELE NORTH TREND

Examination of regional geological and geophysical images shows linear features that correlate strongly with the zone of mineralisation and extend a considerable distance to the east towards the Maibele North Extension prospect and further still towards the Mashambe Prospect (Figure 4). Both prospects are marked by prominent VTEM anomalism and the presence of ultramafic lithology and geochemical anomalies. PL 059/2008 "Maibele Extension and Mashambe lie some 5km and 6km respectively east of the Maibele "new zone" and exhibit similar

surface geological indicators to those at Maibele North that mark the presence of significant Ni + Cu + PGEs mineralisation.

PL 059/2008 has recently been added to the JV with BCL.

The same linear trend can be traced 5km to the west of Maibele North and Airstrip Copper to VTEM Anomaly 10380a, where a single historic drill hole into a conductor plate returned 0.3%Ni in sulphides down hole.

Evidence is mounting that Maibele North – Airstrip Copper lie on a regional geological horizon of at least 16km in length prospective for Ni-Cu sulphide mineralisation and containing a number of prominent conductive anomalies

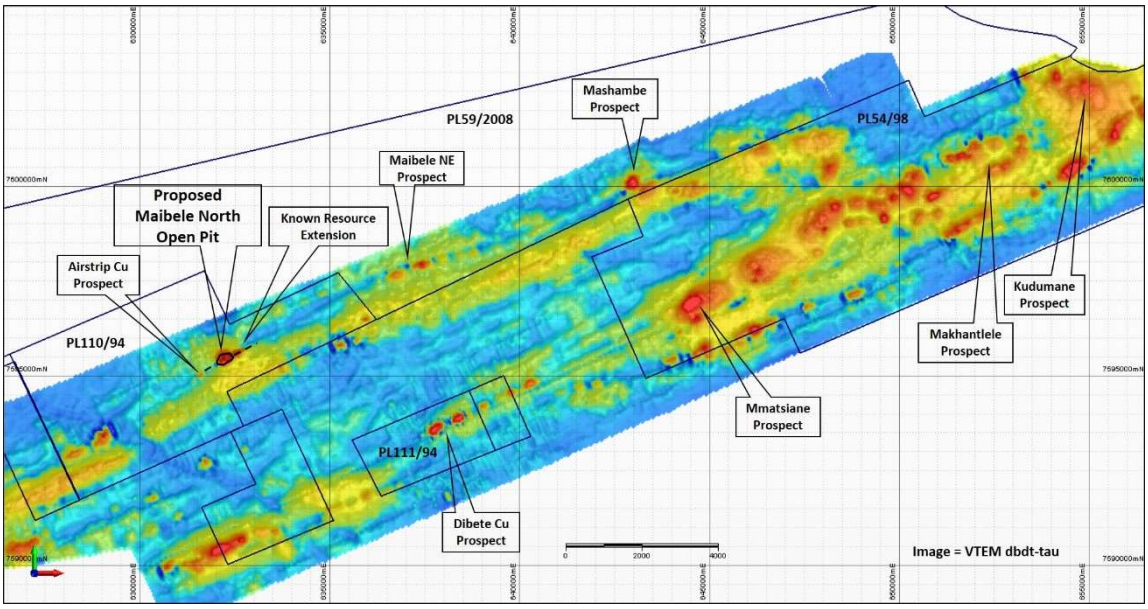

Figure 4: Aerial view of BML's tenements in Eastern Botswana showing the proposed Maibele North Open Pit and the priority regional prospects.

OTHER JV AREAS OF INTEREST

PL54/98 - TAKANE

The Takane Licence PL54/98 is approximately 10 km east of the Maibele North Prospect and is one of three licences covered by the BCL Joint Venture. The licence represents ~80 sq km of the total ~185 sq km included in the JV agreement. The licence contains 23 anomalous VTEM conductors, with four having been prioritised for immediate follow-up based on geological characteristics such as strong conductors coincident with ultramafic rocktypes and soil geochemistry that are all considered potentially indicative of Ni-sulphide mineralisation. Ground SQUID EM surveying was undertaken at the four priority prospects in 2015 and three have been prioritised for initial drill testing in 2016.

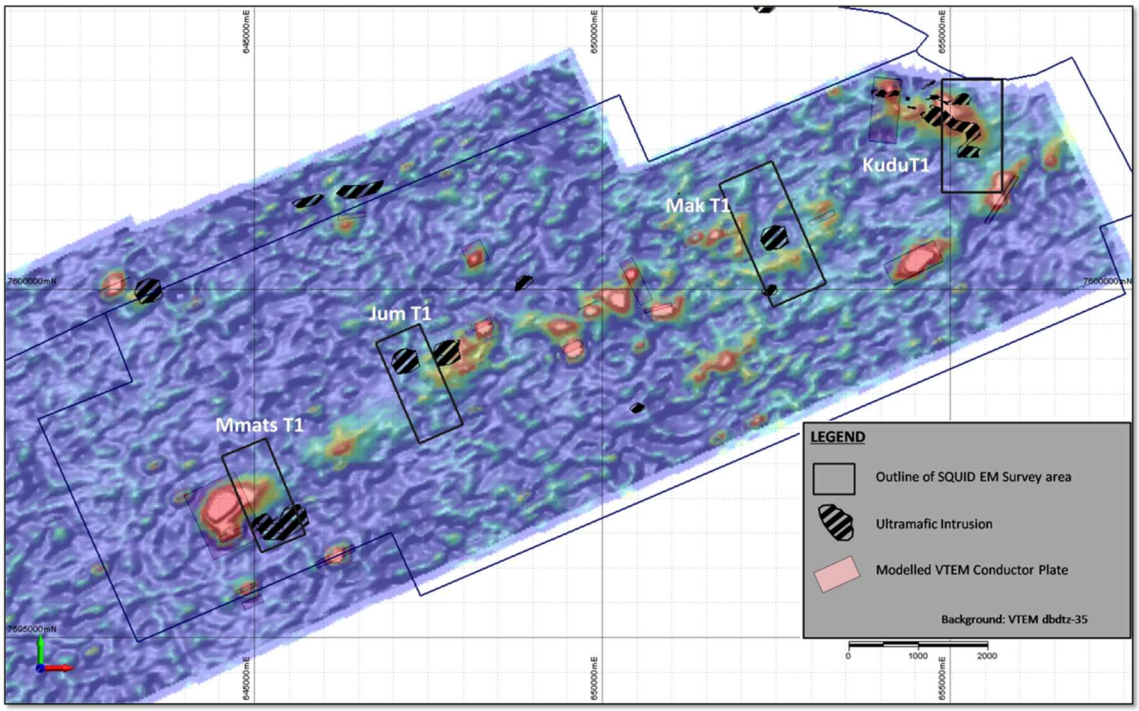

Figure 5: Location of the 4 priority target areas on the regional VTEM image. The outline of the SQUID survey areas are shown (black rectangle) along with ultramafic intrusions and modelled VTEM conductors (faint pink rectangles)

Drilling

The Joint Venture partners commenced planning for the drilling of three of the high priority Ni-sulphide targets on PL 54/98 prior to the end of FY16. These targets have been identified through the combination of geological mapping, geochemical sampling and detailed airborne and ground geophysics. These drill targets contain strong Cu and Ni soil geochemical responses coupled with ultramafic intrusions and very strong electromagnetic conductors at depth and have been selected for initial drill testing. The initial drill program of approximately 1,600m of diamond core will be undertaken during the first half of FY17 (Figure 6).

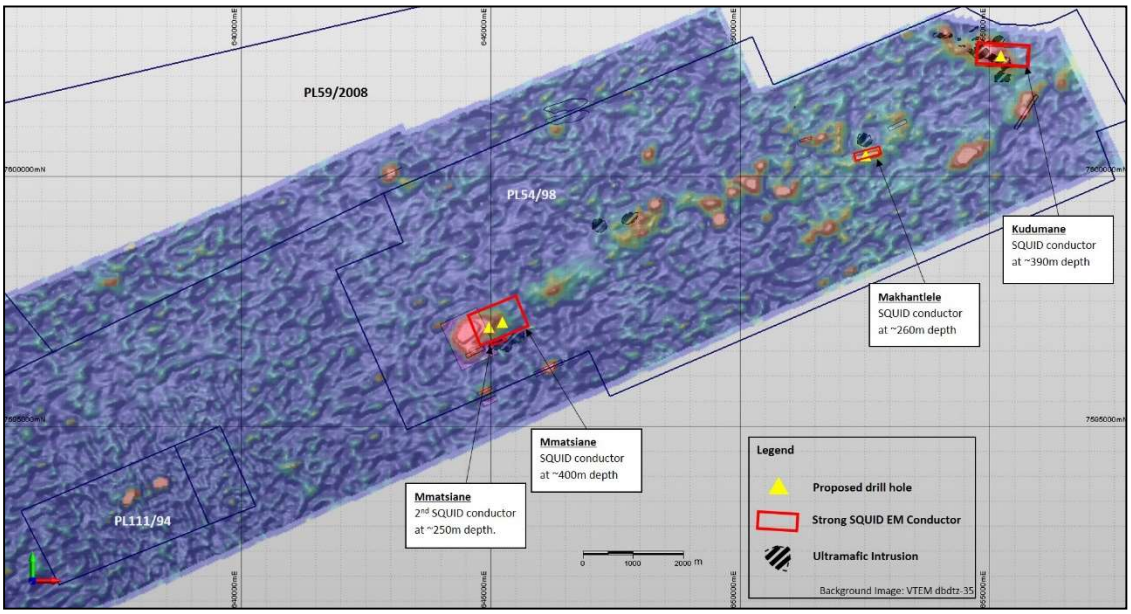

Figure 6: Regional plan view of PL54/98 showing the SQUID EM conductors (Red Rectangles) to be targeted by diamond drilling (Holes indicated by yellow triangles).

PL 54/98 Drill Target Details

Kudu1

This area contains a very promising conductor plate that corresponds with strong magnetic residual anomalies (Figure 7). The 1km x 400m plate is relatively flat-lying and occurs at approximately 390m below the surface. A large ultramafic body is interpreted to occur coincident with the conductor and a number of other large conductive bodies as indicated by the VTEM survey occur within the target zone. Elevated nickel and copper responses have previously been revealed in soil geochemical sampling.

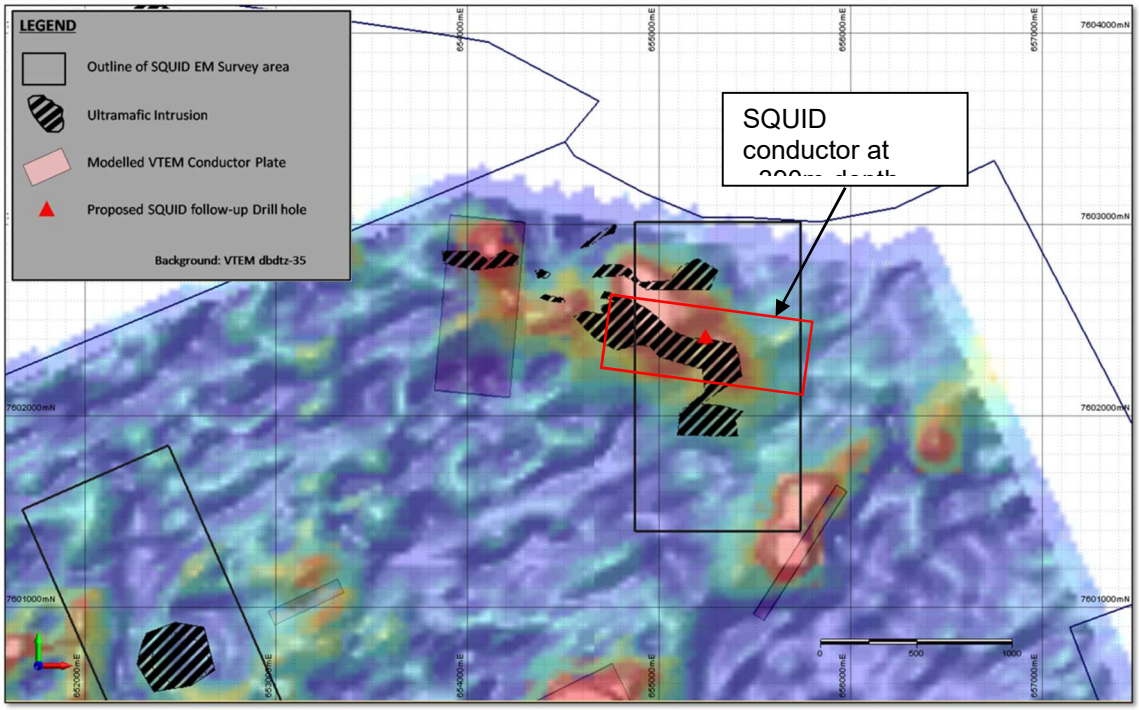

Figure 7: Kudu T1 Prospect: Location of the SQUID Survey (black rectangle) in relation to the VTEM anomalies (red blobs), VTEM conductor plates (faint pink rectangles) and mapped ultramafic bodies (black hashed shape). The red triangles indicate the position of the proposed drill holes. Note the size of the conductive anomalies coincident with the ultramafic intrusions and that the SQUID survey only covered a portion of the prospective terrain.

Makhantlele

This prospect contains a very strong conductor at 260m depth on the southern contact zone of an interpreted ultramafic intrusion (Figure 8). The plate is over 500m in strike length and models as relatively flat-lying zone. Further VTEM conductors surround the ultramafic intrusion and remain to be surveyed using the SQUID EM method. Elevated nickel and copper responses have previously been revealed in soil geochemical sampling.

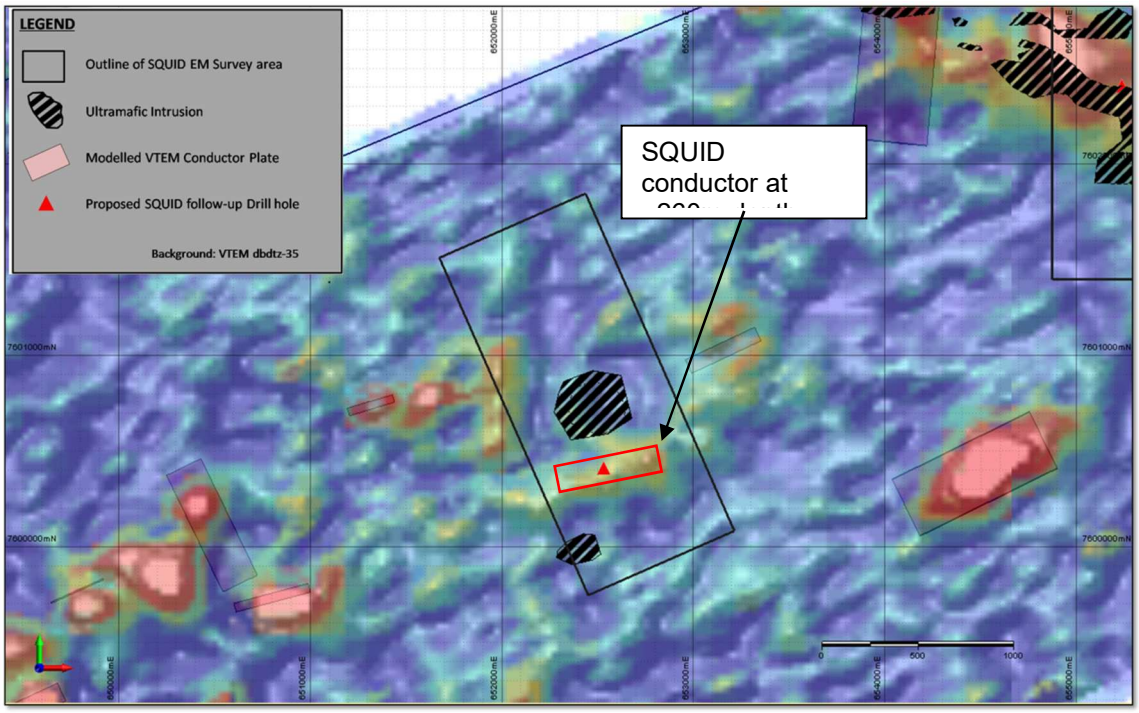

Figure 8: Mak T1 Prospect: Location of the SQUID Survey (black rectangle) in relation to the VTEM anomalies (red blobs), VTEM conductor plates (faint pink rectangles) and mapped ultramafic bodies (black hashed shape). The red triangles indicate the position of the proposed drill holes. Note the conductors surrounding the ultramafic intrusion and that the SQUID survey only covered a portion of the prospective terrain.

Mmatsiane

This prospect contains a large (>1km), strongly conductive plate at a depth of approximately 400m (Figure 9). The plate is interpreted to lie on the contact of an ultramafic intrusion and presents as a very attractive drill target. The survey also identified a very strong, shallow conductive plate also spatially associated with an interpreted ultramafic intrusion. Elevated nickel and copper responses have previously been revealed in soil geochemical sampling.

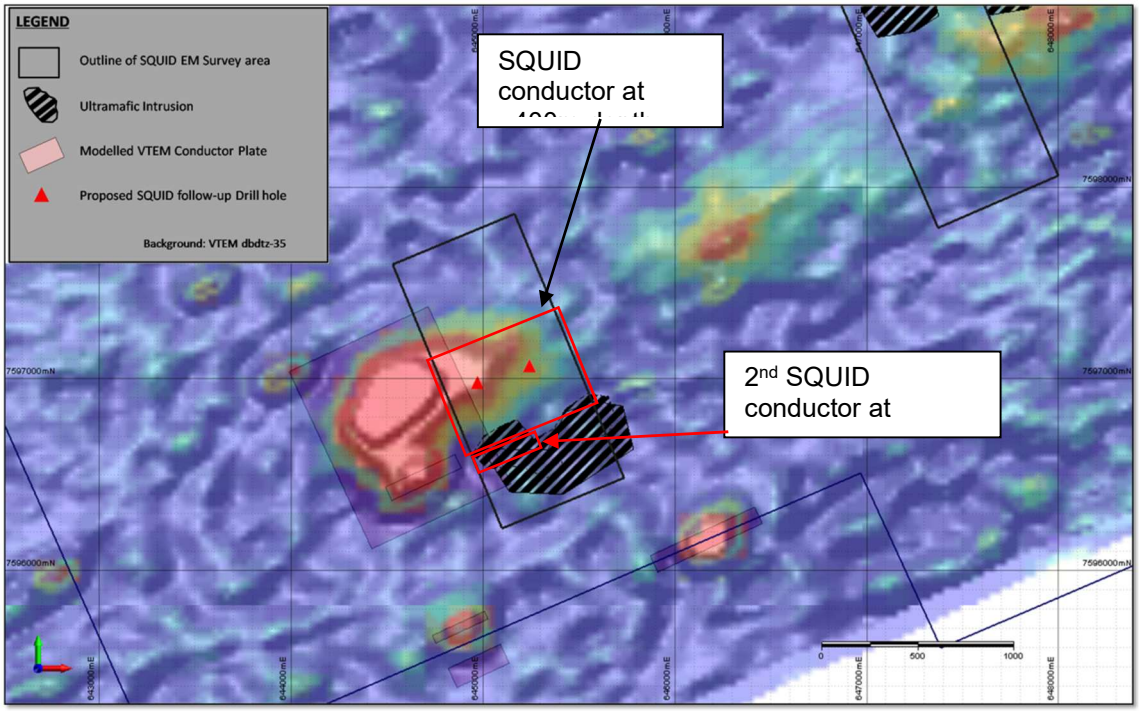

Figure 9: Mmats T1 Prospect: Location of the SQUID Survey (black rectangle) in relation to the VTEM anomalies (red blobs), VTEM conductor plates (faint pink rectangles) and mapped ultramafic bodies (black hashed shape). The red triangles indicate the position of the proposed drill holes

Table 3: Drill hole details for the program

Prospect	East	North	Dip	Depth	Comment
Kudu1	655239E	7602406N	-90	425m	Very large conductor with EM response reminiscent of pyrrhotite
Mak1	652533E	7600410N	-90	300m	Very Strong conductor
Mmats 1	644976E	7596981N	-90	425m	Very large, strong conductor
Mmats 1	645245E	7597068N	-90	450m	Same conductor as above

The area is over 10km away from the advanced Maibele North project and any discovery here would transform the Magogaphate Shear Zone into a new mineralised province in Eastern Botswana.

EXPLORATION ACTIVITIES OUTSIDE THE JV PLS DURING FY16

PL 059/2008 MAIBELE NORTH EXTENSION (RECENTLY ADDED TO THE BCL JV)

PL 059/2008 lies along strike to the east of Maibele North and is a particularly attractive exploration target because it contains a number of prospects that lie along the geological horizon that is interpreted to be a preferential host to Ni - Cu mineralisation in the district.

The PL contains three priority prospects, Maibele North Extension, Mashambe and Mashambe NE that all show good indicators of potential Ni + Cu mineralisation similar to that displayed at Maibele North and have been discovered through soil geochemical surveys, geological mapping and airborne VTEM surveys.

The prospects lie along an interpreted geological horizon that contains a number of Ni + Cu occurrences including the Maibele North Resource, with Maibele Extension some 4 km east of Maibele North and Mashambe a further 6km east of Maibele North Extension (Figure 10).

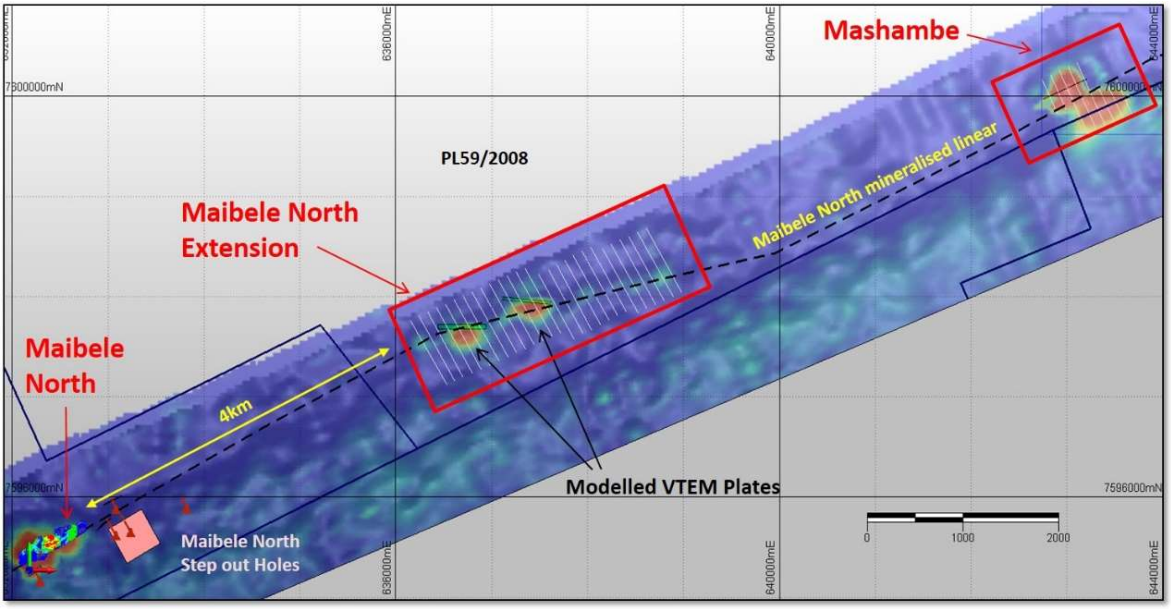

Figure 10: *VTEM image showing the position of the PL59 prospects along strike from Maibele North.*

Work undertaken

Geophysics

Spectral Geophysics from Gaborone, Botswana, were commissioned to undertake a SQUID EM program which included a total of six separate loops across 3 prospects: 4 at Maibele North Extension and 1 each at Mashambe and Mashambe NE (Figure 11). Spectral Geophysics were the contractors who successfully identified new conductors currently being drilled at nearby Maibele North.

A total of 6 priority conductors were identified across the three prospects, with the three located at Maibele North Extension deemed worthy for immediate drill testing.

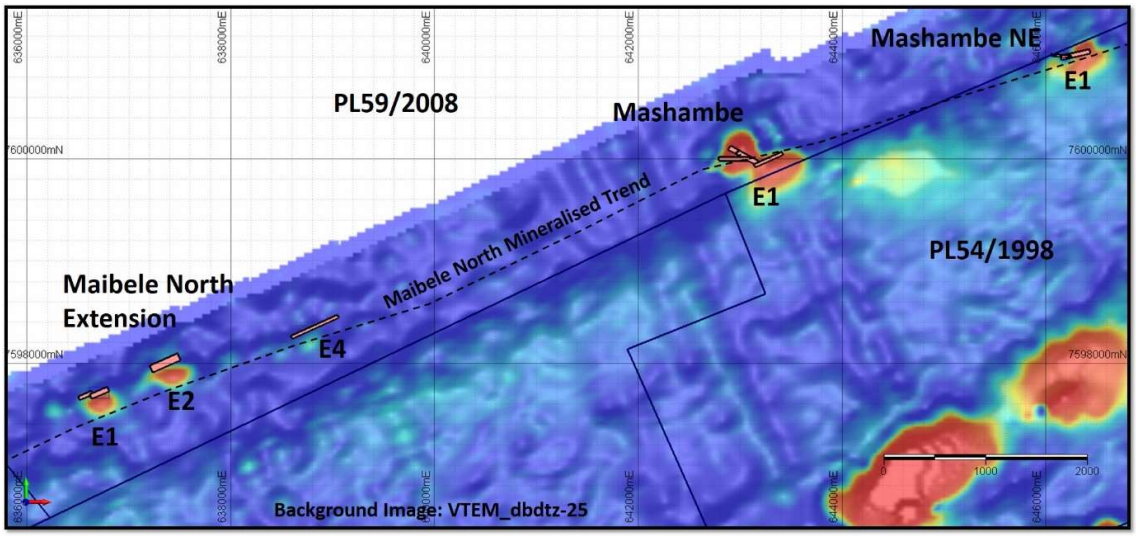

Figure 11: Location of the PL59 SQUID conductors (pink rectangles) at the 3 prospects over the regional VTEM image.

Drilling

Following the construction of conductor models from the SQUID EM survey, a 3 hole, 775m exploratory RC drill program designed to test 3 of the prominent EM Conductors at the Maibele North Extension prospect was completed. Significant sulphide zones reminiscent of the host sulphide mineralisation from the nearby Maibele North JV project were intersected in 2 out of the 3 holes (Figure 12).

Table 4: Details of the proposed holes for Maibele North Extension

Target	X (UTM36)	Y (UTM36)	ELEV (m)	INCLINATION	AZI	DEPTH (m)
MNRC003	636747	7597588	865	60	330	275
MNRC002	637432	7597918	865	60	330	250
MNRC001	638766	7598208	865	60	335	250

The first hole, MNRC001, was drilled to a depth of 250m into conductor E4 and intersected a thick zone of disseminated pyrrhotite within a medium grained amphibolite body from between 200 to 218m down hole (Figure 13). The intersection lies close to the predicted downhole position of the modelled SQUID conductor plate.

The third hole, MNRC003, was drilled to a depth of 275m into conductor E1 and intersected a 6m zone of disseminated pyrrhotite from 250m down hole, with a number of semi-massive fragments evident in the interval from 250m to 251m.

The second hole, MNRC002, intersected a broad zone of disseminated pyrite that was not thought sufficiently conductive to explain the SQUID EM anomaly.

These intersections are highly significant because:

- They are the first and only drill holes into the new prospect which lies between 4km to 7km east of Maibele North along an interpreted Ni-mineralised horizon
- They have confirmed that the large (>3km long) VTEM and SQUID EM anomaly are associated with sulphide mineralisation
- They demonstrate that sulphide mineralising processes similar to that occurring at Maibele North are possibly present at Maibele North Extension
- They verify the interpretation of a preferential regional geological horizon for sulphide mineralisation that encompasses Maibele North, Airstrip Cu, anomaly 10380a and the three 100%-owned BML projects Maibele North Extension, Mashambe and Mashambe NE.
- They confirm the mineralised potential of the area and highlight the vast area of unexplored prospective terrain within BML's portfolio.

Disseminated sulphides such as those observed at Maibele North Extension are often located peripheral to semi-massive or massive sulphides at the nearby Maibele North orebody. A program of Down Hole EM surveys for each of the 3 drill holes has been proposed and will be undertaken during the 2016 field season. This program will clarify the nature of the SQUID conductors previously identified and determine whether the disseminated zones intersected are potentially related to further zones of significant sulphides. This technique was used at Maibele North in an old hole, MADD0025, and showed strong conductors both above and below the hole, despite the lack of any significant mineralisation in MADD0025. Subsequent drilling in 2014 and 2015 has intersected strong Ni-Cu mineralisation both above and below the unmineralised MADD0025 (Figure 3, above).

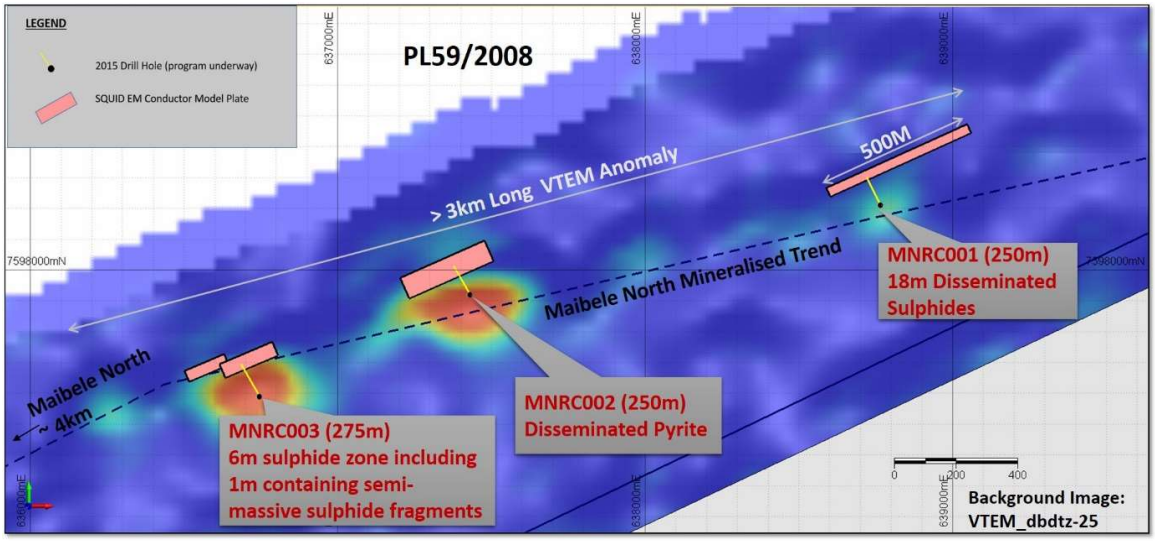

Figure 12: Location of the PL 059/2008 drill holes at Maibele North Extension showing the >3km long VTEM anomaly (light blue to red colours on background image) and recently detected SQUID EM conductors (Pink Rectangles). The current holes are marked as MNRC001, 002, 003. Background = regional VTEM image.

Addition to the Joint Venture - PL 059/2008 Maibele North Extension (100% BML)

At the end of June 2016, due to the success of the FY16 exploration program the JV Partner, BCL Limited, decided to exercise its pre-emptive right under the farm-in joint venture agreement over the 100% owned PL 059/2008 (PL 59). PL 59 is to the east of the Maibele North JORC-compliant (2012) inferred resource and within the 16km mineralised horizon along strike and has potential to host additional sulphide mineralisation for Nickel + Copper +Cobalt and PGEs.

BML has lodged an application with the Department of Mines in Botswana for an extension of PL 59 and the market will be kept informed as the JV agreement is formalised to incorporate PL 59 into the JV once notice of the extension is received (expected in early 2017).

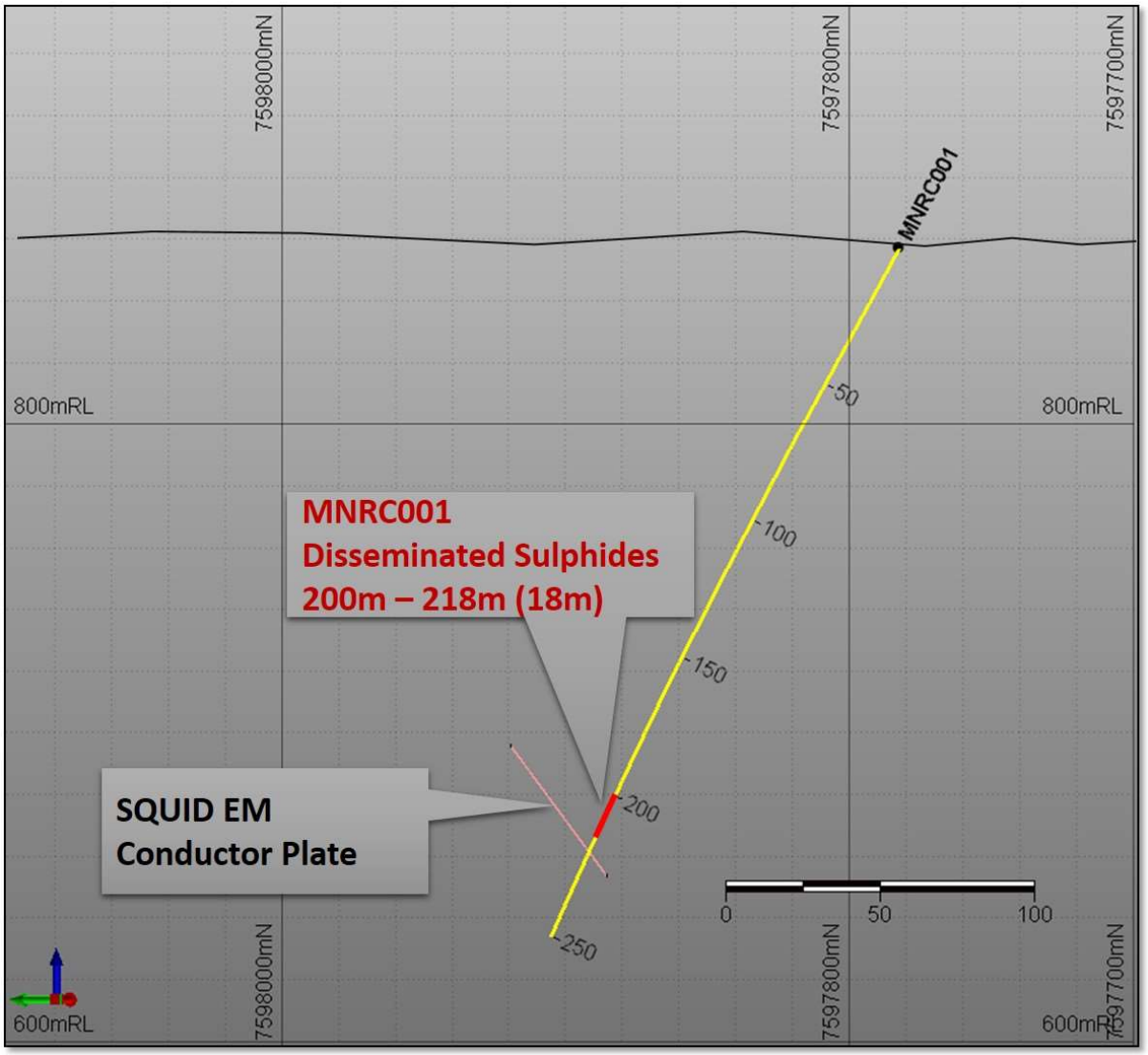

Figure 13: Cross Section through MNRC001 showing the down-hole location of the disseminated sulphide intersection in relation to the modelled SQUID EM conductor. This is the first hole into the very strong, 500m long E4 conductor.

It should also be noted that highly elevated Zinc soil geochemical anomalies exist at Mashambe and rock chips of up to 0.79g/t Au have been collected at Mashambe Northeast. These, along with any other features of interest will be followed up in the course of future exploration programs.

NEW EXPLORATION FOCUS – TANTALUM AND LITHIUM

During May 2016, BML announced a new exploration focus for pegmatite-hosted tantalum and lithium mineralisation on their exploration licences in eastern Botswana. Historic exploration had previously revealed substantial tantalum anomalies in stream sediment sampling that had remained unexplained. Similar rock types to those in BML's licences exist along strike in Zimbabwe and host one of the world's largest pegmatite-hosted Li-Ta mines. The potential for similar mineralisation to occur in BML's portfolio has been recognised and exploration for pegmatite-hosted tantalum-lithium mineralisation has commenced on the Company's licences. Ground exploration

is focused on locating pegmatites as well as determining the source of the extremely strong historical tantalum stream sediment anomalies (*BML ASX release 23/05/2016*).

Work has commenced (refer ASX announcement 18 July 2016) with geological mapping in areas of historically anomalous tantalum, particularly where anomalies are coincident with outcropping felsic lithology. Although much of these areas are covered by a thin veneer of soil, initial mapping has already identified pebbles and float of pegmatitic material (Figure 14).

Follow up work including grid-based soil sampling and exploration trenching will be undertaken in priority Ta-anomalous areas. Any areas containing verified Ta or Li mineralisation will ultimately be drill-tested (Figure 15).

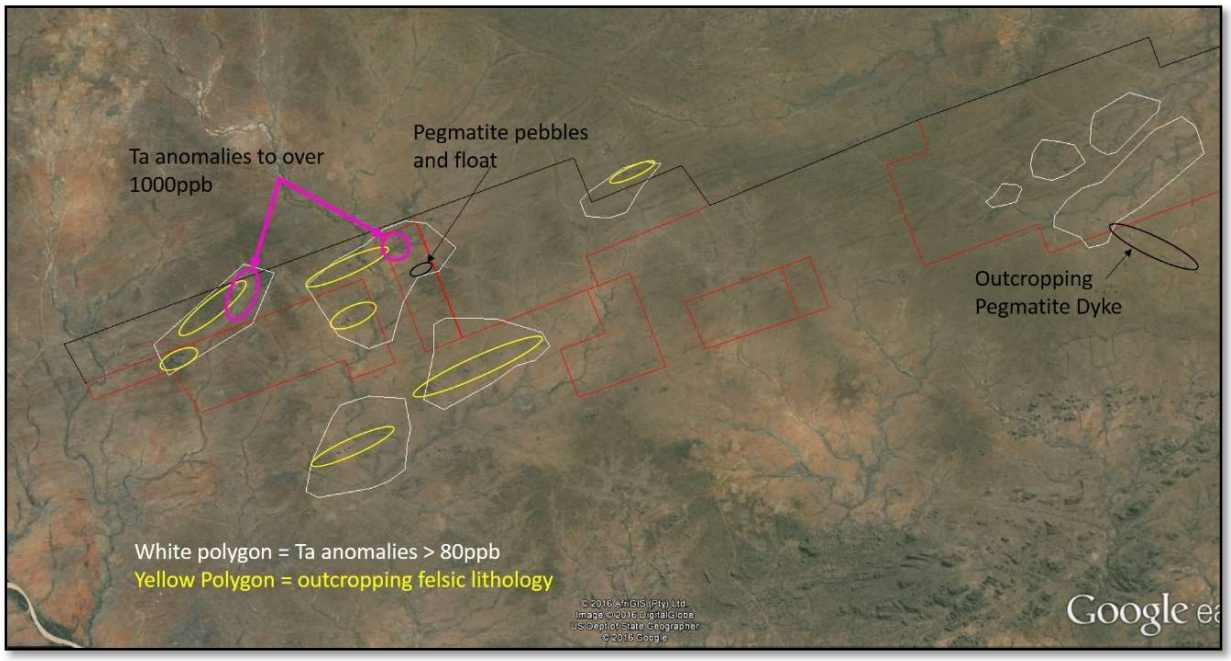

Figure 14: Aerial view of BML's tenements in Eastern Botswana showing areas of tantalum anomalism (white polygons > 80ppb, purple polygons > 1000ppb), outcropping felsic rocks (yellow polygons) and areas containing pegmatitic outcrop and/or float (black polygons)

Soil Sampling Program

A soil sampling programme commenced in June 2016 on four target areas which were initially defined by historical stream sediment anomalies. Figure 15 below shows the program details.

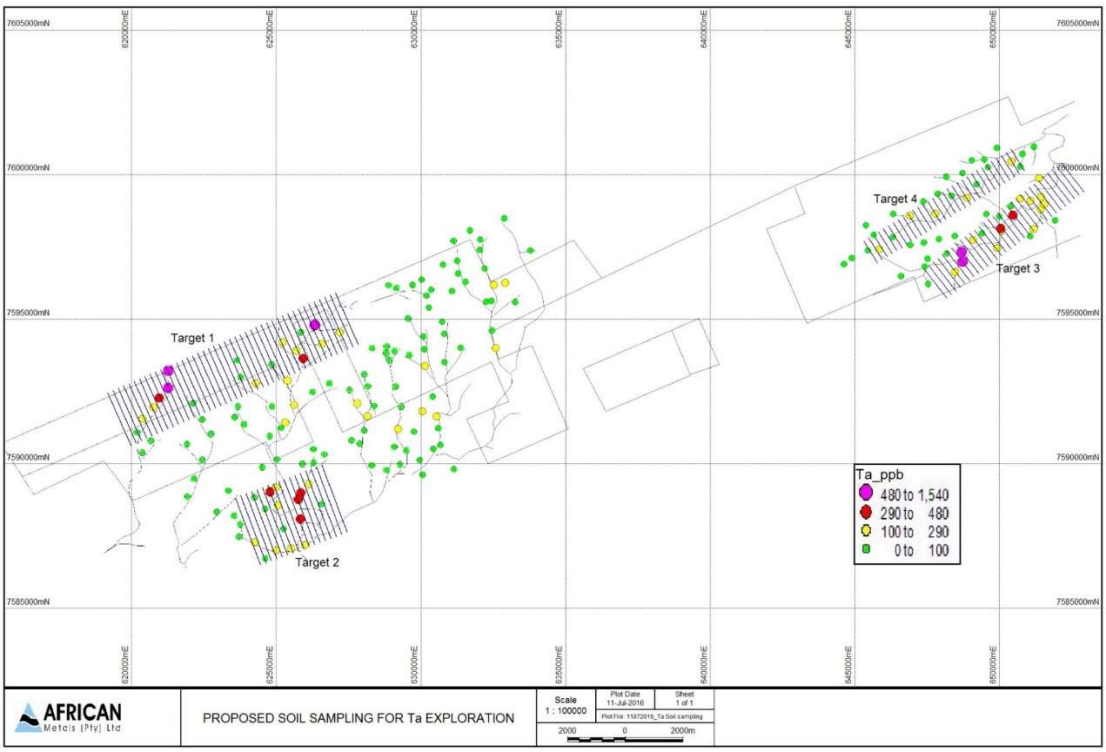

Figure 15: A map showing soil sampling grids planned over stream sampling anomalies

PROSPECTING LICENCE STATUS

EXPLORATION AREAS HELD IN BOTSWANA

The Company holds the following prospecting licences in Botswana:

Tenement	Renewal / Expiry Date	Percentage Holding	Title Holder	Comment
Magogaphate PL 110/94	31/03/2018	100	African Metals (Pty) Ltd	BCL Limited has earned a 40% contractual interest in the licence with effect from 01/07/16.
Mokoswane PL 111/94	31/03/2018	100	African Metals (Pty) Ltd	BCL Limited has earned a 40% contractual interest in the licence with effect from 01/07/16.
Takane PL 54/98	31/03/2018	100	African Metals (Pty) Ltd	BCL Limited has earned a 40% contractual interest in the licence with effect from 01/07/16.
Shashe South PL 059/2008	30/09/2016	100	African Metals (Pty) Ltd	Application for renewal submitted 30/06/16. J/V with BCL Ltd subject to formal documentation.
Central PL 070/2008	30/09/2016	100	African Metals (Pty) Ltd	Licence will lapse on the expiry date.
PL 193/2016	30/09/2019	100	African Metals (Pty) Ltd	

PL 194/2016	30/09/2019	100	African Metals (Pty) Ltd	
PL 195/2016	30/09/2019	100	African Metals (Pty) Ltd	

Notes:

1. African Metals (Pty) Ltd is a wholly owned subsidiary of the Company.
2. Minerals Holdings (Botswana) Pty Ltd holds a 5% net profit share interest in PL 110/94, PL 111/94 and PL 54/98.
3. PL 110/94, PL 111/94 and PL 54/98 were extended for a further two years to 31 March 2018.
4. BCL has earned a 40% contractual interest in the 3 PLs by funding $4M of expenditure. If BCL Limited funds to the end of a Bankable Feasibility Study then BCL can earn a 70% equity interest in the 3 JV PL's being PL 110/94, PL 111/94 and PL 54/98.
5. Several new PL applications were lodged with the Department of Mines in the March 2015 quarter which resulted in the grant of PL 193/2016, PL 194/2016 and PL 195/2016.
6. All other pending applications/renewals not referred to in the above table did not proceed.
7. Other than the details above, the Company did not acquire or dispose of any other tenements or beneficial interests in farm-in agreements during the year.

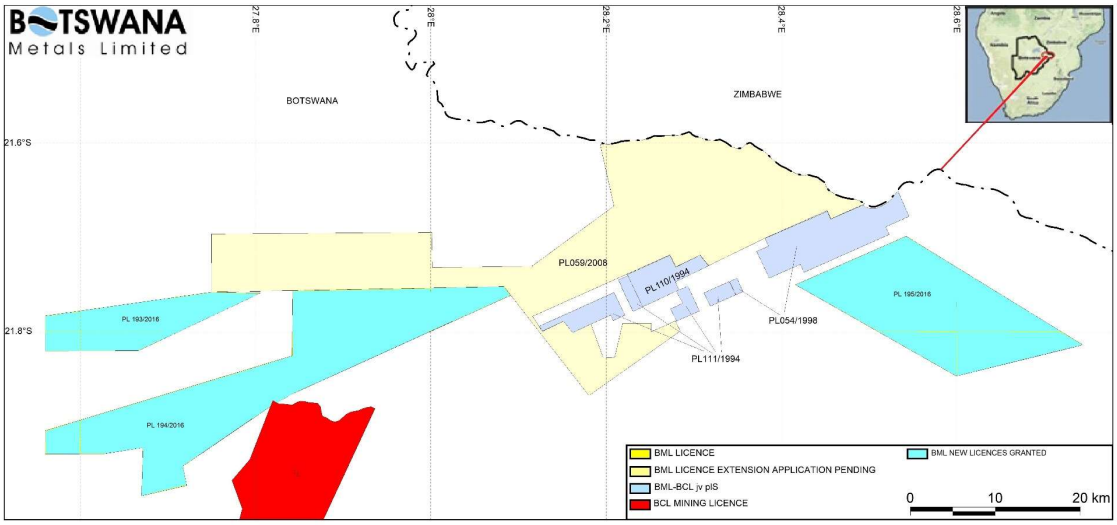

Figure 16: BML exploration tenement portfolio in Botswana. Prospecting Licences subject to the Joint Venture with BCL are shaded light blue. New licences granted are coloured cyan.

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by BML staff on site and provided to Mr Steve Groves who is a Member of The Australian Institute of Geoscientists. Mr Groves is a consulting geologist to BML and has previously been employed as the Exploration Manager at BML. Mr Groves has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Groves consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

CORPORATE ACTIVITY

Financial Position

The net assets of the consolidated entity have decreased by $18,197 to $7,493,686 as at 30 June 2016.

The Directors believe the Group is in a stable financial position and able to expand and grow its current operations.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

Farm-in Joint Venture Agreement with BCL Limited

Exploration continued under the Farm-in Joint Venture Agreement with BCL Limited ("BCL"). BCL is spending an initial AUD 4 million on a drilling program to earn 40% of the projects over the areas covered by PL 110/94, PL 111/94 and PL 54/98.

A detailed report of exploration activities is set out elsewhere in this report under the heading Review of Operations.

WorleyParsons was appointed to undertake a pre-feasibility study and prepare a report for the consideration of BCL and the Group.

After considering the WorleyParsons report BCL advised the Group that it had satisfied the condition of solely funding $4M of exploration on the joint venture areas and that BCL had elected to proceed to fund the projects to the completion of a Bankable Feasibility Study ("BFS").

The purpose of the BFS is to support an application for a mining licence to mine Maibele North initially as an open pit and to continue further exploration and drilling to evaluate the potential for underground mining.

As a result, BCL has now earned a 40% interest in the joint venture areas and will earn a 70% interest in total by funding to the completion of a BFS.

At that point, BCL will have the off-take rights at commercial prices, to any ore mined. It is planned to truck ore to the BCL smelter operations at Selebi Phikwe for processing, which is situated 55km to the southwest of our project.

BML will retain a 30% interest after the BFS is completed.

Extension of joint venture licences – PL 110/94, PL 111/94 and PL 54/98

The Department of Mines in Botswana approved the Group's application to extend the three joint venture licences for a period of two years from 1 April 2016.

Share Purchase Plan

On 21 July 2015 and 5 August 2015 the Company issued a total of 77,699,969 new fully paid ordinary shares to successful applicants under the Company's Share Purchase Plan following valid subscriptions totalling $582,750.

Performance Rights

On 27 July 2015 the Company issued 3,500,000 new fully paid ordinary shares following the exercise of Performance Rights held by two Directors. Mr P J Volpe was issued 3,000,000 shares and Dr P Woolrich was issued 500,000 shares. The Company recognised an expense of $28,000 relating to the issue of the Performance Rights in the year 30 June 2015.

Rights Issue

On 14 March 2016 and 24 May 2016 the Company issued a total of 508,323,670 new fully paid ordinary shares following a rights issue raising $1,016,614 before costs.

The rights issue was partially underwritten by Trayburn Pty Ltd and Monvale Investments Pty Ltd as trustee for the Omissam Trust on normal commercial terms and conditions.

Mr Patrick John Volpe, a Director and substantial shareholder of the Company, is a Director and substantial shareholder of Trayburn Pty Ltd

Mr Massimo Livio Cellante, a Director and substantial shareholder of the Company, is a Director of Monvale Investments Pty Ltd and a beneficiary of the Omissam Trust.

Prospecting Licences outside BCL joint venture – PL 059/2008 and PL 070/2008

As discussed in the Review of Operations, the Group undertook its own exploration activities on the 100% owned licence PL 059/2008. Application was made to the Department of Mines prior to 30 June 2016 to extend the licence for a further term.

The Directors decided not to renew PL 070/2008 for a further term and accordingly the licence will expire on or about 30 September 2016. The Group has fully impaired the capitalised exploration expenditure of approximately $86,168 relating to this licence.

After Balance Date Events

Other than the matters discussed below, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

Exploration Activities – BCL joint venture – PL 54/98

A drill program managed by BCL commenced on the joint venture licence PL 54/98 targeting Nickel + Copper + Cobalt and PGEs at three priority areas by way of a four hole drill program.

Sulphides were intersected in the first drill hole (MTDD001).

New Licences – PL 193/2016, PL 194/2016 and PL 195/2016

The Group was granted three new prospecting licences covering approximately 700 square kilometres. The licences were issued for a first term of three years and can be renewed on 30 September 2019.

Commencement of joint venture with BCL

As disclosed in this report, BCL have met the expenditure commitment of $4M to earn a 40% interest in PL 110/94, PL 111/94 and PL 54/98 and, subject to the completion of all necessary formalities, the joint venture partners have agreed that the joint venture will commence from 1 July 2016.

Future Developments

The Group's main exploration efforts will be focussed on continuing to develop value from exploration across its tenement package in Botswana.

In addition to extensive exploration being undertaken in conjunction with BCL, the Group will also carefully consider its other exploration assets. The Group intends to continue to engage with DOM for a successful resolution of the application to renew PL 059/2008.

Environmental Issues

The consolidated entity holds 100% interest in a number of exploration licences and has participating interests in others. The various authorities granting such licences require the licence holder to comply with directions given to it under the terms of the grant of licence. There have been no known breaches of the consolidated entity's licence conditions.

INFORMATION ON DIRECTORS

Patrick John Volpe *B.Bus (Acc), P.G.(Tax), CPA*	Experience:	Executive Chairman for 9 years Background in mining, media, transport, manufacturing, banking and stockbroking with a particular emphasis on corporate restructuring, business acquisitions, investment advising and capital raisings.
	Special Responsibilities:	Corporate finance and investment. Chairman of the Audit and Compliance Committee
	Interest in securities at date of Directors Report:	187,827,897 Ordinary Shares 44,296,738 Options to acquire Ordinary Shares exercisable at 1.5 cents ($0.015) expiring 31/12/2016
	Directorships held in other Listed Entities:	He was formerly: • Chairman of Bisan Limited (from 18 December 2013 to 7 September 2015). • Director of Bisan Limited (from 7 September 2015 to 1 February 2016). • Chairman of Cardia Bioplastics Limited (from 23 May 1994 to 22 November 2013); • Deputy Chairman of Cohiba Minerals Limited (from 27 November 2013 to 5 August 2015) and Director (from 24 July 2013 to 27 November 2013). • Director of Genesis Resources Limited (from 11 May 2012 to 17 June 2014);

INFORMATION ON DIRECTORS (CONTINUED)

		All the above are ASX-listed companies. He has not held any other directorships of listed entities over the last 3 years.
Massimo Livio Cellante *B. Comm (Deakin)*	Experience:	Non-Executive Director for 7 years. Chairman and Managing Director of Bell IXL Investments Pty Ltd, a strategic investment company where his role includes identifying and investing in undervalued publicly-listed companies and he is experienced in negotiation, investment analysis, capital raisings, capital returns and corporate acquisitions.
	Special Responsibilities:	Member of the Audit and Compliance Committee
	Interest in securities at date of Directors Report:	73,941,742 Ordinary Shares 15,000,000 Options to acquire Ordinary Shares exercisable at 1.5 cents ($0.015) expiring 31/12/2016
	Directorships held in other Listed Entities:	None.
Paul Woolrich *BSc (honours), MSc, PhD*.	Experience:	Non-executive director for 8 years. Dr Woolrich has over 40 years of experience in the international exploration and mining industry focussed on gold, base metals and PGEs, with the last 20 years spent in senior management positions with Western Mining Corporation, Ranger Minerals Ltd, Orion Resources, Gallery Gold and Platmin Ltd. He was Project Manager in charge of the feasibility study of Platmin's Pilanesberg PGE Project in South Africa in 2004-2006. He holds degrees in Geology (BSc honours), Geochemistry (MSc) and Metallurgy (PhD).
	Interest in securities at date of Directors Report:	3,902,777 Ordinary Shares 1,841,666 Options to acquire Ordinary Shares exercisable at 1.5 cents ($0.015) expiring 31/12/2016
	Directorships held in other Listed Entities:	He was formerly a director of A-Cap Resources Limited (from 18 December 2007 to 20 September 2016), an ASX-listed company. He has not held any other directorships of listed entities over the last 3 years.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors and the Audit and Compliance Committee held during the year ended 30 June 2016, and the numbers of meetings attended by each director were:

Name	Board		Audit and Compliance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
P J Volpe	2	2	-	-
P Woolrich	3	3	-	-
M L Cellante	3	3	-	-

REMUNERATION REPORT (AUDITED)

Remuneration Policy

The remuneration policy of Botswana Metals Limited has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of Botswana Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the consolidated group, as well as create goal congruence between Directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for executive directors and other key management personnel of the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive Directors and other key management personnel, was developed by independent external consultants and approved by the Board based on the professional advice of those consultants.
- All executive directors and key management personnel receive a base salary (which is based on factors such as length of service and experience) and superannuation.
- The Board reviews executive directors and key management personnel remuneration packages annually by reference to performance.

Executives and employees are entitled to participate in the Executive and Employee Option Plan at the discretion of the Board; however Directors are not permitted to participate.

The Directors and key management personnel receive a superannuation guarantee contribution when classified as employees, required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Group and expensed.

REMUNERATION REPORT (CONTINUED)

Non-executive remuneration policy

The Board's policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice may be utilised in the future should the Directors deem such advice necessary. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at a General Meeting. Fees for non-executive Directors are not linked to the performance of the consolidated group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in Botswana Metals Limited.

With effect from 1 July 2013 remuneration payable to Directors was frozen as a temporary measure to assist the Company to stabilise its financial position. The payment of remuneration recommenced at reduced rates from 1 January 2014. The full amount of Directors remuneration, less payments made, has been accrued as a liability of the Company as at 30 June 2016 and will be paid out to Directors once the financial position of the company is sufficiently strong.

Performance-based Remuneration

No performance based remuneration was paid during the year.

Company Performance, Shareholders Wealth and Directors' and Executives' Remuneration

Remuneration of Directors is determined by the Board within the maximum amount approved by the shareholders from time to time, and the Group's broad remuneration policy is to ensure that remuneration packages properly reflect a person's duties and responsibilities and are set at levels that are intended to attract and retain people of the highest quality.

Cash remuneration is based upon market practice, duties and accountability at this stage of the Group's evolution and not linked to Company performance and shareholders wealth. The Group's focus is to discover a mineable deposit and generate future revenue from sales and production of resources. The Group is presently in the exploration phase and as such has no revenue from production and has incurred losses. All expenditure directly attributable to prospecting activities on the Group's tenement portfolio is capitalised and is not expensed in the Statement of Comprehensive Income unless an impairment event occurs. No dividends have been paid to shareholders.

During the year ended 30 June 2015 the Company issued, with shareholder approval, performance rights to two Directors. The performance rights were linked to the Company defining a JORC compliant inferred resource prior to 30 June 2015.

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management personnel for the Group is as follows:

The remuneration structure for executive directors and key management personnel is based on a number of factors, including length of service and particular experience of the individual concerned. The contracts for service are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement executive directors and key management personnel are paid employee benefit entitlements accrued at the date of retirement. Any options not exercised before or on the date of termination lapse.

REMUNERATION REPORT (CONTINUED)

KMP Remuneration for the year ended 30 June 2016

Details of the nature and amount of each major element of the remuneration of each KMP of Botswana Metals Limited for the year ended 30 June 2016 are:

Name	Short-term Benefits	Post-employment Benefits	Share-Based Payments	
	Cash Salary & Fees $	Superannuation $	Performance Rights $	Total $
Mr P J Volpe (Executive Chairman)	380,000	-	-	380,000
Mr M L Cellante	34,000	3,230	-	37,230
Dr P Woolrich	34,000	-	-	34,000
Mr R Jimenez	50,000	-	-	50,000
Total	498,000	3,230	-	501,230

Salary and fees were accrued and unpaid as at 30 June 2016 for Directors as follows: Mr P J Volpe ($270,000), Dr P Woolrich ($25,950) and Mr M L Cellante ($25,950).

In March and May 2016 the Directors were paid part of their accrued remuneration owing at 30 June 2015 as follows: Mr P J Volpe ($200,000), Dr P Woolrich ($19,000) and Mr M L Cellante ($19,000).

Close family members of Mr P J Volpe were employed on a casual basis. Mrs C A Pfeffer was paid $2,400 plus superannuation guarantee contributions and Mr P A Volpe was paid $2,400 plus superannuation guarantee contributions.

Since 1 January 2014 the Company has paid only part of the Directors remuneration entitlement in cash with the balance accrued. The part payment of remuneration did not constitute a waiver by the Directors of their entitlement to receive their proper remuneration from the Company and accordingly, the total unpaid remuneration of $321,900 has been accrued as a liability owing to the Directors at year end (2015: $379,900). The liability is disclosed at Note 13 of the Financial Report.

KMP Remuneration for the year ended 30 June 2015

Details of the nature and amount of each major element of the remuneration of each KMP of Botswana Metals Limited for the year ended 30 June 2015 are:

Name	Short-term Benefits	Post-employment Benefits	Share-Based Payments	
	Cash Salary & Fees $	Superannuation $	Performance Rights $	Total $
Mr P J Volpe (Executive Chairman)	180,000	-	24,000	204,000
Mr M L Cellante	15,000	1,425	-	16,425
Dr P Woolrich	15,000	-	4,000	19,000
Mr R Jimenez	36,000	-	-	36,000
Total	246,000	1,425	28,000	275,425

REMUNERATION REPORT (CONTINUED)

Salary and fees were accrued and unpaid as at 30 June 2015 for Directors as follows: P J Volpe ($320,000), P Woolrich ($29,950) and M L Cellante ($29,950).

In October 2014 the Directors were paid part of their accrued remuneration owing at 30 June 2014 as follows: P J Volpe ($100,000), P Woolrich ($8,800) and M L Cellante ($8,800).

Close family members of Mr P J Volpe were employed on a casual basis. Mrs C A Pfeffer was paid $8,400 plus superannuation guarantee contributions and Mr P A Volpe was paid $8,400 plus superannuation guarantee contributions.

Options Issued as part of remuneration

No options were issued to Directors and other Key Management Personnel as part of their remuneration during the year.

Performance Rights

On 27 February 2015 the Company issued a total of 3,500,000 Performance Rights to Mr P J Volpe and Dr P Woolrich pursuant to the approval of shareholders given at the Annual General Meeting of the Company held on 28 November 2014. The Performance Rights were subject to conditions that prevented their exercise unless the Company defined a JORC compliant inferred resource prior to 30 June 2015 and the relevant Director was still in office as at 30 June 2015. Upon the conditions being satisfied the Performance Rights vested and became exercisable into fully paid ordinary shares on a one-for-one basis.

The performance condition having been met, the Performance Rights were exercised by the respective Directors and on 27 July 2015 the Company issued 3,000,000 fully paid ordinary shares to Mr P J Volpe and 500,000 fully paid ordinary shares to Dr P Woolrich. The Company recognised an expense of $28,000 relating to the issue of the Performance Rights in the year 30 June 2015.

Options

No options were exercised by Key Management Personnel during the financial year.

Number of Options Held by Key Management Personnel

2016	Balance 1.7.2015	Granted as Compensation	Exercised	Expired	Net Change Other	Balance 30.6.2016 or date of resignation	Vested and exercisable	Vested and Unexercisable
Mr P J Volpe	44,296,738	-	-	-	-	44,296,738	44,296,738	-
Mr M Cellante	15,000,000	-	-	-	-	15,000,000	15,000,000	-
Dr P Woolrich	1,841,666	-	-	-	-	1,841,666	1,841,666	-
Mr R Jimenez	3,750,000	-	-	-	-	3,750,000	3,750,000	-
Total	**64,888,404**	**-**	**-**	**-**	**-**	**64,888,404**	**64,888,404**	**-**

Number of Shares held by Key Management Personnel

2016	Balance 1.7.2015	Received as Compensation	Issued on Exercise of Options / Performance Rights	Net Change Other*	Balance 30.6.2016 or date of resignation
Mr P J Volpe	73,827,897	-	3,000,000	111,000,000	187,827,897
Mr M L Cellante	25,529,729	-	-	48,412,013	73,941,742
Dr P Woolrich	3,069,444	-	500,000	333,333	3,902,777
Mr R Jimenez	3,750,000	-	-	6,472,223	10,222,223
Total	**106,177,070**	**-**	**3,500,000**	**166,217,569**	**275,894,639**

* Net Change Other refers to shares subscribed for by Directors, or their related entities, during the year pursuant to the Company's Share Purchase Plan and subsequent Rights Issue.

REMUNERATION REPORT (CONTINUED)

Employment Contracts of Directors and Senior Executives

There are no employment contracts with Directors or executive officers.

Other transactions with Directors and related parties

	2016	2015
	$	$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Key Management Personnel		
Consulting fees paid to Woolrich & Associates Pty Ltd, a company of which Dr P Woolrich is a Director and substantial shareholder.	**6,500**	**14,375**
Underwriting fee paid to Trayburn Pty Ltd, a company of which Mr P J Volpe is a Director and substantial shareholder.	**15,114**	**-**
Capital raising fees paid to Foxfire Capital Pty Ltd, a company of which Mr P J Volpe is a consultant and substantial shareholder.	**28,090**	**-**
Underwriting fee paid to Monvale Investments Pty Ltd as trustee for the Omissam Trust, Mr M L Cellante is a Director of Monvale Investments Pty Ltd and a beneficiary of the Omissam Trust.	**2,500**	**-**
Transactions with CAP Holdings Pty Ltd ("CAP"), a company of which close family members of Mr P J Volpe are Directors and shareholders:		
• printing, postage and processing of documents relating to capital raisings undertaken by the Company;	**21,000**	**8,829**
• printing and posting the Annual Report of the Company and the notices and proxy forms for the Company's Annual General Meeting; and	**9,000**	**-**
• administration and clerical costs.	**16,000**	**-**
Transactions with Cohiba Minerals Limited ("CHK"), a company of which Mr P J Volpe was a Director and is a substantial shareholder:		
• payment of rent to CHK;	**792**	**12,403**
• IT/office costs received from CHK; and	**(387)**	**(850)**
• purchase of computer from CHK.	**2,060**	**2,472**
Transactions with Bisan Limited ("BSN"), a company of which Mr P J Volpe was a Director and is a substantial shareholder:		
• IT costs received from BSN; and	**-**	**(850)**
• EGM costs received from BSN.	**-**	**(779)**
Transactions with Cam Bow Holdings (Pty) Ltd ("CBH"), a wholly-owned subsidiary of Cam Bow Limited ("CBL"). Mr P J Volpe is a Director of CBH and CBL and a substantial shareholder of CBL:		
• contracting fees charged by CBH to African Metals (Pty) Ltd.	**13,597**	**22,285**
	114,266	**57,885**

All amounts above are exclusive of GST. In addition expenses paid by, or for, Directors and related entities were reimbursed at cost.

This concludes the Remuneration Report, which has been audited.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the current Directors and Officers of the Company and of its controlled entities against all liabilities incurred as an officer except where the liability arises out of conduct involving a lack of good faith. The Indemnity includes costs and expenses in successfully defending any legal proceedings, and applied, from 9 January 2008 when BML ceased to be a controlled entity of A-Cap Resources Ltd. The Company has paid a premium to insure the Directors and Officers against liabilities incurred in their respective capacities.

INDEMNIFICATION AND INSURANCE OF AUDITORS

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

OPTIONS

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant / Exercise Date	Expiry Date	Exercise Price	No. Options
Issued in prior years:			
30-10-2013	31-12-2016	$0.015	282,235,323
30-05-2014	31-12-2016	$0.015	62,500,000
10-06-2014	31-12-2016	$0.015	35,714,285
10-06-2014	31-12-2016	$0.015	30,000,000
Exercised in prior years:			
09-07-2014	31-12-2016	$0.015	(200,000)
03-09-2014	31-12-2016	$0.015	(15,675)
Balance as at 1 July 2015			**410,233,933**
Issued in current year:			
Nil			
Exercised in current year:			
Nil			
Balance as at 30 June 2016			**410,233,933**

DIVIDENDS

No dividends have been paid during the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

There were no fees for non-audit services paid to the external auditors during the year ended 30 June 2016.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the year ended 30 June 2016 has been received and can be found on page 37 of this Report.

This report is made in accordance with a resolution of the Directors.

Patrick J Volpe
Director
Dated 30 September 2016
Kew, Victoria

CORPORATE GOVERNANCE STATEMENT

The Company has elected to publish its Corporate Governance Statement on its website in accordance with ASX Listing Rule 4.10.3.

A copy of the Corporate Governance Statement can be found at:

http://botswanametals.com.au/wp-content/uploads/2016/02/corporate_governance_statement-1.pdf

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BOTSWANA METALS LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief during the year ended 30 June 2016 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck.

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J.C. Luckins
Director

Dated 30 September 2016

CHARTERED ACCOUNTANTS & ADVISORS

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Notes	Consolidated Group 2016 $	2015 $
Income from Ordinary Activities	2	**37,561**	71,842
Administration	3	**(243,670)**	(175,666)
Corporate Expenses		**(108,329)**	(106,514)
Employment & Consultancy		**(449,338)**	(515,036)
Impairment of Capitalised Exploration Expenditure		**(181,903)**	-
Loss before Income Tax Expense		**(945,679)**	(725,374)
Income Tax Expense	4	-	-
Loss for the year attributable to owners of Botswana Metals Limited		**(945,679)**	(725,374)
Other Comprehensive Income for the year that may be subsequently reclassified to the profit or loss			
Exchange differences on translating foreign controlled operation		**(577,151)**	623,687
Total Comprehensive Loss attributable to owners of Botswana Metals Limited		**(1,522,830)**	(101,687)
Basic Loss per Share (cents per share)	7	**(0.13)**	(0.13)
Diluted Loss per Share (cents per share)	7	**(0.13)**	(0.13)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	Consolidated Group 2016 $	2015 $
Current Assets			
Cash and cash equivalents	8	**488,249**	276,922
Trade and other receivables	9	**203,522**	114,770
Total Current Assets		**691,771**	391,692
Non-Current Assets			
Plant and equipment	11	**4,138**	12,552
Capitalised exploration and evaluation	12	**7,209,174**	7,654,934
Total Non-Current Assets		**7,213,312**	7,667,486
TOTAL ASSETS		**7,905,083**	8,059,178
Current Liabilities			
Trade and other payables	13	**411,397**	547,295
Total Current Liabilities		**411,397**	547,295
TOTAL LIABILITIES		**411,397**	547,295
Net Assets		**7,493,686**	7,511,883
Equity			
Issued Capital	14	**16,958,181**	15,425,548
Reserves	15	**(2,531,194)**	(1,926,043)
Accumulated Losses		**(6,933,301)**	(5,987,622)
TOTAL EQUITY		**7,493,686**	7,511,883

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For year ended 30 June 2016

Consolidated Group

	Issued Share Capital	Share Based Payments Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$	$
Balance at 1 July 2014	15,431,357	60,000	(5,262,248)	(2,637,730)	7,591,379
Loss after income tax for the year	-	-	(725,374)	-	(725,374)
Other Comprehensive Loss	-	-	-	623,687	623,687
Issue of Performance Rights	-	28,000	-	-	28,000
Transactions with owners in their capacity as owners					
Shares issued during the period	3,236	-	-	-	3,236
Share issue costs	(9,045)	-	-	-	(9,045)
Balance at 30 June 2015	**15,425,548**	**88,000**	**(5,987,622)**	**(2,014,043)**	**7,511,883**
Balance at 1 July 2015	**15,425,548**	**88,000**	**(5,987,622)**	**(2,014,043)**	**7,511,883**
Loss after income tax for the year	**-**	**-**	**(945,679)**	**-**	**(945,679)**
Other Comprehensive Loss	**-**	**-**	**-**	**(577,151)**	**(577,151)**
Exercise of Performance Rights	**28,000**	**(28,000)**	**-**	**-**	**- -**
Transactions with owners in their capacity as owners					
Shares issued during the period	**1,599,397**	**-**	**-**	**-**	**1,599,397**
Share issue costs	**(94,764)**	**-**	**-**	**-**	**(94,764)**
Balance at 30 June 2016	**16,958,181**	**60,000**	**(6,933,301)**	**(2,591,194)**	**7,493,686**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Notes	Consolidated Group 2016 $	2015 $
Cash Flows from Operating Activities			
Receipts from customers		**-**	85,682
Payments to suppliers and employees		**(901,998)**	(618,475)
Interest received		**3,560**	5,637
Net Cash Used In Operating Activities	19b	**(898,438)**	(527,156)
Cash Flows from Investing Activities			
Exploration expenditure		**(269,703)**	(145,553)
Purchase of plant and equipment		**(5,615)**	(2,419)
Net Cash Used In Investing Activities		**(275,318)**	(147,972)
Cash Flows from Financing Activities			
Issue of share capital		**1,522,898**	82,236
Payments of share capital issue costs		**(94,763)**	(9,045)
Net Cash Received From (Used In) Financing Activities		**1,428,135**	73,191
Net Increase/(Decrease) in Cash and cash equivalents held		**254,379**	(601,937)
Cash and cash equivalents at the Beginning of the Financial Year		276,922	894,729
Foreign currency effect on cash held		**(43,052)**	(15,870)
Cash and cash equivalents at the End of the Financial Year	19a	**488,249**	276,922

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements include the consolidated financial statements and notes of Botswana Metals Limited and controlled entities ('Group').

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001* as appropriate for for-profit oriented entities.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The Group reported a net loss for the period after income tax of $945,679 (30 June 2015: $725,374) and operating cash outflows of $898,438 (30 June 2015: $527,156). At 30 June 2016 the Group had $488,249 in cash and cash equivalents (30 June 2015: $276,922).

The financial position of the Group has stabilised considerably since the BCL farm-in agreement became effective on 1 April 2014 and the Group intends to continue to conduct future exploration activities. The Directors consider that the going concern basis is appropriate for the following reasons:

- The Group has secured tenure to its key exploration assets being PL 110/94, PL 111/94 and PL 54/98 ("the three PLs") and the licences will now run to 31 March 2018.
- BCL is funding exploration activities on the three PLs and is reimbursing the bulk of the administrative and other costs incurred by the Group in Botswana.
- The terms of the BCL farm-in joint venture agreement required that BCL meet all expenditure required to meet the licence conditions of the three PLs.
- The Group has applied for the renewal of tenement PL 059/2008 and, post balance date, was granted three new prospecting licences.
- The Company, principally through its Chairman Pat Volpe, has a track record of raising substantial additional capital. The sum of $1,599,397 (before costs) was raised by the Company in the year to 30 June 2016 to meet its corporate and administration overheads, provide working capital and possibly fund exploration activities on areas outside the BCL farm-in joint venture agreement.
- The Group has continued to reduce overheads wherever possible. A partial freeze on the payment of remuneration to Directors remains in place. The Directors have confirmed their intention and ability to forebear from seeking cash payments from the Company in respect of accrued remuneration owing as at 30 June 2016 for a period of at least 12 months from the date of signing of these accounts, or to such point in time that the company is able to satisfy its commitments and obligations to its suppliers and employees without such help and without jeopardizing its available working capital position. Directors will continue to be paid part of their remuneration in cash and the balance will be accrued.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

- The Group is not obligated to renew its Prospecting Licences, and therefore has the ability to scale down its operations sufficiently if required.
- The Group can enter into a joint venture or sale arrangement over some of the tenements should there be a need to scale down operations.
- The Group has no material contracts with suppliers or employees (aside from standard employee entitlements).

The financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that may be necessary should the Group be unable to continue as a going concern.

Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 June 2016.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Consolidation (continued)

- de-recognises the assets (including goodwill) and liabilities of the subsidiary;
- de-recognises the carrying amount of any non-controlling interests;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

A list of controlled entities is contained in Note 10 to the financial statements.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted of substantially enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefits of deferred tax assets can be utilised.

When temporary differences exist in relation to investments in subsidiaries or joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

(c) Farm Out Arrangements

A farm out arrangement is when the owner of a working interest (the farmor) undertakes to transfer all or a portion of its working interest to another party (the farmee) in return for the farmee's performance of agreed upon actions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Farm Out Arrangements (continued)

When the farmee agrees to undertake exploration works, upon the farmee meeting the required performance hurdles, the farmor transfers a portion of the working interest in the property to the farmee.

The farmor will not record any expenditure (whether this would otherwise have been capitalised or expensed immediately) that is settled by the farmee, and the farmor does not recognise a gain or loss on the basis of the partial disposal of any exploration asset that has already been capitalised.

(d) Plant and Equipment

Each class of property, plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

(e) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Exploration and Development Expenditure (continued)

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At the end of each reporting period, the group assess whether there is objective evidence that a financial instrument has been impaired.

Derecognition

Financial assets are derecognised where the contractual rights to the receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of Non-Financial Assets

At the end of each reporting period, the group assesses whether there is any indication that an asset may be impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of Non-Financial Assets (continued)

The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Comprehensive Income.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the Statement of Comprehensive Income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period.
- Income and expenses are translated at average exchange rates for the period where this approximates the rate at the date of the transaction.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the Statement of Changes in Equity. These differences are recognised in the Statement of Comprehensive Income in the period in which the operation is disposed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be wholly settled after one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those benefits are discounted using market yields on national corporate bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the options granted is recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(j) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(l) Revenue and Other Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from cost recoveries is recognised either when the right to receive the recoveries has accrued.

All revenue is stated net of the amount of goods and services tax (GST) or valued added tax (VAT).

(m) Goods and Services Tax (GST) and Value-Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST / VAT, except where the amount of GST / VAT incurred is not recoverable from the relevant taxation authority. In these circumstances the GST / VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST / VAT.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST / VAT component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Loss per Share

Basic loss per share is calculated as net loss attributable to members of the parent, adjusted to exclude any cost of servicing equity (other than dividends), divided by the weighted average number of ordinary shares.

Diluted loss per share is calculated as net profit attributable to members of the parent, adjusted for:

- Cost of servicing equity other than dividends and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimate – Impairment

The Group assess impairment at the end of each reporting period by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment indicator exists, the recoverable amount of the assets is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Directors may impair capitalised expenditure in respect of licences which have, or will shortly expire, or which have been deemed to be a low priority for exploration.

PL 059/2008 is pending renewal and, in accordance with past practice, the Group has not impaired any of the capitalised exploration expenditure in respect of this licence. The Group has no reason to believe that the licence will not be renewed by the Department of Mines in Botswana.

The Directors decided prior to 30 June 2016 that they would not apply for the renewal of PL 070/2008 and would allow the licence to expire on 30 September 2016. The application to renew PL 111/2011 did not proceed. All the capitalised exploration expenditure relating to PL 070/2008 and PL 111/2011 has been impaired as at 30 June 2016.

The Group's right to tenure is subject to ongoing renewal of its Prospecting Licences.

Key Judgements - Exploration and Evaluation Expenditure

The group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $7,209,174 (2015: $7,654,934).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ending 30 June 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group. Due to the basic nature of the entity's financial instruments, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group. As the Group does not currently generate any revenue (other than for cost recoveries and interest) the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group. The Group does not currently have in place any lease agreements. Therefore the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

(r) New, revised or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The financial statements were authorised for issue on the date of the signing of the Directors' Declaration by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 INCOME

	Consolidated Group	
	2016	2015
	$	$
Income from Ordinary Activities		
Other income		
Interest	**3,560**	5,637
Recoveries	**33,547**	66,205
Sundry	**454**	-
	37,561	71,842

NOTE 3 EXPENDITURE

	Consolidated Group	
	2016	2015
	$	$
Administration		
Office expenses	**42,127**	42,404
Depreciation expense	**13,488**	34,836
Rental expense	**32,458**	12,403
Travel expenses	**72,857**	39,059
Other expenses	**82,740**	46,964
	243,670	175,666

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 INCOME TAX EXPENSE

	Consolidated Group	
	2016	2015
	$	$
The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:		
(Loss) before income tax expense	**(945,679)**	(725,374)
Prima facie (tax benefit) on (loss) from ordinary activities before income tax at 30% (2015: 30%)	**(283,704)**	(217,612)
Add:		
Tax effect of:		
- Accrued expenses	**3,857**	-
- Accrued remuneration to directors and management	**54,000**	54,000
- Performance rights expense	**-**	8,400
- Non-deductible expenses	**8,174**	3,835
- Underprovision from prior year	**1,050**	
Less		
Tax effect of:		
- Accrued remuneration paid during the year	**(71,400)**	(35,280)
- Overprovision from prior years		(782)
- Other deductible items	**(15,033)**	(2,030)
- Performance rights expense	**(8,400)**	
	(311,456)	(189,469)
Prior year tax losses not previously brought to account	**(2,351,628)**	(2,162,159)
The Directors estimate that the potential deferred income tax assets at 30 June in respect of tax losses not brought to account is:	**(2,663,084)**	(2,351,628)
Tax benefits not recognised during the year		
Income Tax Expense for the year	-	-

Tax benefits are not brought to account for the year ended 30 June 2016 (2015: nil) as the certainty of recovery cannot yet be reliably determined at this stage of the Group's development.

NOTE 5 KEY MANAGEMENT PERSONNEL

(a) Names and positions held of economic and parent entity key management in office at any time during the financial year are:

Key Management Person	**Position**
Mr P Volpe	Chairman - Executive
Mr M Cellante	Director - Non-executive
Dr P Woolrich	Director - Non-executive
Mr R Jimenez	Company Secretary

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Remuneration paid to Key Management Personnel

	Consolidated Group	
	2016	2015
	$	$
Short-term employee benefits	**498,000**	246,000
Post-employment benefits	**3,230**	1,425
Share-based payments (Performance Rights)	**-**	28,000
Total	**501,230**	275,425

Remuneration of $321,900 for Key Management Personnel was accrued and unpaid at 30 June 2016 (2015: $379,900). Refer to the Remuneration Report for further information.

NOTE 6 REMUNERATION OF AUDITORS

	Consolidated Group	
	2016	2015
	$	$
Remuneration of the auditor of the entity for:		
- Audit or review of the financial statements	**23,000**	20,000

NOTE 7 LOSS PER SHARE ("LPS")

	Consolidated Group	
	2016	2015
	$	$
a) Reconciliation of losses to profit or loss		
Loss used to calculate basic and diluted LPS	**(945,679)**	(725,374)
	No.	No.
b) Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	**753,478,603**	568,815,012
c) Anti-dilutive options on issue not used in dilutive LPS calculation	**410,233,933**	410,233,933

NOTE 8 CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2016	2015
	$	$
Cash at bank and in hand	**488,249**	276,922

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2016	2015
	$	$
Current		
Trade & Other Receivables	**203,522**	114,770

NOTE 10 CONTROLLED ENTITIES

	Country of Incorporation	Principal Activity	Class of Share	Equity Holding	
				2016	2015
				%	%
African Metals (Pty) Ltd	Botswana	Mineral Exploration	Ordinary	**100**	100

NOTE 11 PLANT AND EQUIPMENT

	Consolidated Group	
	2016	2015
	$	$
Plant and equipment		
At cost	**358,554**	375,803
Accumulated Depreciation	**(354,416)**	(363,251)
	4,138	12,552

Movements in Carrying Amounts

	Consolidated Group	
	2016	2015
	$	$
Balance at 1 July 2015	**12,552**	40,194
Additions	**5,615**	4,687
Disposals	**-**	-
Depreciation charged	**(13,488)**	(34,836)
Foreign currency translation	**(541)**	2,507
Balance at 30 June 2016	**4,138**	12,552

No depreciation was capitalised as exploration expenditure during the year (2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 CAPITALISED EXPLORATION AND EVALUATION

The exploration and evaluation expenditure relates to the consolidated entity's projects in Botswana.

	Consolidated Group	
	2016	2015
	$	$
Capitalised exploration and evaluation (at cost)	**7,209,174**	7,654,934
Movements in carrying values		
Balance at beginning of year	**7,654,934**	6,874,599
Expenditure during the year	**269,703**	123,639
Expenditure impaired during the year	**(181,903)**	-
Foreign currency translation	**(533,560)**	656,696
Balance at year end	**7,209,174**	7,654,934

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of base and precious metals.

Expenditure impaired during the year related to PL 070/2008 and PL 111/2011. Prior to 30 June 2016 the Directors decided not to renew PL 070/2008 and instead to allow it to lapse on 30 September 2016. The application to renew PL 111/2011 did not proceed.

There was no capitalised depreciation included in exploration expenditure this year (2015: Nil).

NOTE 13 TRADE AND OTHER PAYABLES

	Consolidated Group	
	2016	2015
	$	$
Current		
Unsecured liabilities		
Trade payables	**25,323**	15,276
Sundry payables and accrued expenses	**61,674**	73,119
Accrued remuneration owing to Directors	**321,900**	379,900
Share subscriptions received pending issue of shares	**2,500**	79,000
	411,397	547,295

The Company held the sum of $2,500 at year end being a subscription under the Company's Share Purchase Plan received by electronic payment which could not be matched to a shareholder and therefore the Company was unable to issue the relevant shares.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 ISSUED CAPITAL

	Consolidated Group	
	2016	2015
	$	$
1,158,345,803 (2015: 568,822,164) fully paid ordinary shares	**16,958,181**	15,425,548

(a) Ordinary Shares

	Date	Number of Shares		Issue Price ($)		$	
		2016	2015	**2016**	2015	**2016**	2015
At the beginning of the reporting period		**568,822,164**	568,606,489			**15,425,548**	15,431,357
Shares issued during the year							
- exercise options	09/07/14		200,000		0.015		3,000
- exercise options	03/09/14		15,675		0.015		236
- SPP	21/07/15	**76,033,271**		**0.0075**		**570,250**	
- perf. rights	27/07/15	**3,500,000**		**0.0080**		**28,000**	
- SPP	05/08/15	**1,666,698**		**0.0075**		**12,500**	
- rights issue	14/03/16	**290,473,741**		**0.0020**		**580,947**	
- rights issue	24/05/16	**217,849,929**		**0.0020**		**435,700**	
Costs associated with capital raising						**(94,764)**	(9,045)
At reporting date		**1,158,345,803**	568,822,164			**16,958,181**	15,425,548

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of and amounts paid on the shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The Company's ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

(b) Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 ISSUED CAPITAL (CONTINUED)

(b) Capital Management (continued)

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The strategy is to ensure that the group's gearing ratio has minimal debt. The gearing ratios for the year ended 30 June 2016 and 30 June 2015 are as follows:

		Consolidated Group	
		2016	2015
	Note		
Total creditors	13	**(411,397)**	547,295
Less cash and cash equivalents	8	**(488,249)**	(276,922)
Net debt		**-**	(270,373)
Total equity		**7,493,686**	7,511,883
Total capital		**7,493,686**	7,241,510
Gearing ratio		**0.0%**	(3.7%)

(c) Options

Information relating to employee share option plan is set out in Note 20: Share-based Payments.

At 30 June 2016 there were 410,233,933 (2015: 410,233,933) unissued ordinary shares under option each option is exercisable at 1.5 cents ($0.015) per option and expires on 31 December 2016.

No options were issued or exercised during the year.

NOTE 15 RESERVES

Nature and Purpose of Reserves

Foreign Currency Translation reserve
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary as described in Note 1(h).

Share based payments reserve
The share based payment reserve records the grant date fair value of options and performance rights issued by the Company and other payments made in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
	2016	2015
	$	$
Planned Exploration Expenditure		
Payable		
- not later than 12 months	**704,375**	2,855,035
- between 12 months and 5 years	**1,629,250**	232,759
- greater than 5 years	**-**	-
	2,333,625	3,087,794

The estimated figures include amounts submitted to the Department of Geological Survey in Botswana in order to maintain the Group's current rights of tenure to exploration and mining tenements up until the expiry of the leases including the group's joint venture commitments. These obligations are subject to renegotiation upon expiry of the leases and are not provided for in the financial statements. The activation of the farm-in joint venture agreement with BCL Limited ("BCL"), and BCL's subsequent election to continue funding the project up to the completion of a bankable feasibility study, has resulted in BCL being obligated to fund a significant portion of the above planned expenditure.

The Group anticipates future expenditure on its current rights of tenure to exploration and mining tenements up until the expiry of its current Prospecting Licences and on tenement renewals and extensions that have been applied for but not yet granted, which are included in the above table. In the event the Group does not meet the minimum exploration expenditure the licences may be cancelled or not renewed.

For part of the year the Company occupied premises provided by Cohiba Minerals Limited (then a related party) on an informal basis. With effect from 10 September 2015 the Company entered into a direct lease of the premises from the landlord (an unrelated party). The lease can be terminated by either party by giving 90 days' notice of termination to the other party. The maximum commitment of the Company is therefore three months rent being $9,501 (excluding GST).

NOTE 17 CONTINGENT LIABILITIES

Magogaphate Tenement Acquisition

Although the Group acquired a 100% interest in the Magogaphate group of tenements in Botswana from A-Cap Resources Limited in 2007, Mineral Holdings Botswana (Pty) Ltd has retained a right to a 5% net profits share. The Group therefore, has a contingent liability to Mineral Holdings Botswana (Pty) Ltd should it establish a profitable mining operation on those tenements. The 5% net profits share interest is limited to the three tenements subject to joint venture with BCL, namely PL 110/94, PL 111/94 and PL 54/98.

NOTE 18 SEGMENT INFORMATION

The Company operates in one reportable segment, being the exploration and evaluation of mineral resources in Africa.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 19 CASH FLOW INFORMATION

	Consolidated Group	
	2016	2015
	$	$
(a) Reconciliation of cash		
For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position.		
Cash at bank and on hand	**488,249**	276,922
(b) Reconciliation of cash		
Operating Loss after income tax	**(945,679)**	(725,374)
Non–Cash flows in loss		
- Depreciation	**13,488**	34,836
- Impairment of capitalised exploration expenditure	**181,903**	-
- Performance Rights expense	**-**	28,000
Working capital		
- (Increase)/decrease in trade and other receivables	**(88,752)**	82,203
- Increase/(decrease) in trade and other payables	**(135,898)**	132,179
- Cash received for shares issued after year-end	**-**	(79,000)
- Shares issued for subscriptions received prior to start of year	**76,500**	-
Net cash (outflow) from operating activities	**(898,438)**	(527,156)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 20 SHARE-BASED PAYMENTS

The Company established the Executive and Employee Option Plan on 2 July 2008. All employees are entitled to participate in the scheme at the discretion of the Directors and upon terms stipulated by the directors.

The options are issued for no consideration and carry no entitlements to voting rights or dividends of the group.

There are no outstanding options issued under the Executive and Employee Option Plan.

No options were exercised or lapsed.

Performance Rights

On 27 July 2015 the Company issued 3,000,000 fully paid ordinary shares to Mr P J Volpe and 500,000 fully paid ordinary shares to Dr P Woolrich on the exercise of Performance Rights.

The Company recognised an expense of $28,000 relating to the issue of the Performance Rights in the year 30 June 2015.

For the year ended 30 June 2016 there were no other share-based payments.

NOTE 21 EVENTS AFTER THE END OF THE REPORTING PERIOD

Other than the matters discussed below, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

Exploration Activities – BCL joint venture – PL 54/98

A drill program managed by BCL commenced on the joint venture licence PL 54/98 targeting Nickel + Copper + Cobalt and PGEs at three priority areas by way of a four hole drill program.

Sulphides were intersected in the first drill hole (MTDD001).

New Licences – PL 193/2016, PL 194/2016 and PL 195/2016

The Group was granted three new prospecting licences covering approximately 700 square kilometres. The licences were issued for a first term of three years and can be renewed on 30 September 2019.

Commencement of joint venture with BCL

As disclosed in the Director's Report, BCL have met the expenditure commitment of $4M to earn a 40% interest in PL 110/94, PL 111/94 and PL 54/98 and, subject to the completion of all necessary formalities, the joint venture partners have agreed that the joint venture will commence from 1 July 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 RELATED PARTY INFORMATION

	2016 $	2015 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Key Management Personnel		
Consulting fees paid to Woolrich & Associates Pty Ltd, a company of which Dr P Woolrich is a Director and substantial shareholder.	**6,500**	**14,375**
Underwriting fee paid to Trayburn Pty Ltd, a company of which Mr P J Volpe is a Director and substantial shareholder.	**15,114**	**-**
Capital raising fees paid to Foxfire Capital Pty Ltd, a company of which Mr P J Volpe is a consultant and substantial shareholder.	**28,090**	**-**
Underwriting fee paid to Monvale Investments Pty Ltd as trustee for the Omissam Trust, Mr M L Cellante is a Director of Monvale Investments Pty Ltd and a beneficiary of the Omissam Trust.	**2,500**	**-**
Transactions with CAP Holdings Pty Ltd ("CAP"), a company of which close family members of Mr P J Volpe are Directors and shareholders:		
• printing, postage and processing of documents relating to capital raisings undertaken by the Company;	**21,000**	**8,829**
• printing and posting the Annual Report of the Company and the notices and proxy forms for the Company's Annual General Meeting; and	**9,000**	**-**
• administration and clerical costs.	**16,000**	**-**
Transactions with Cohiba Minerals Limited ("CHK"), a company of which Mr P J Volpe was a Director and is a substantial shareholder:		
• payment of rent to CHK;	**792**	**12,403**
• IT/office costs received from CHK; and	**(387)**	**(850)**
• purchase of computer from CHK.	**2,060**	**2,472**
Transactions with Bisan Limited ("BSN"), a company of which Mr P J Volpe was a Director and is a substantial shareholder:		
• IT costs received from BSN; and	**-**	**(850)**
• EGM costs received from BSN.	**-**	**(779)**
Transactions with Cam Bow Holdings (Pty) Ltd ("CBH"), a wholly-owned subsidiary of Cam Bow Limited ("CBL"). Mr P J Volpe is a Director of CBH and CBL and a substantial shareholder of CBL:		
• contracting fees charged by CBH to African Metals (Pty) Ltd.	**13,597**	**22,285**
	114,266	**57,885**

All amounts above are exclusive of GST.

In addition expenses paid by, or for, Directors and related entities were reimbursed at cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 RELATED PARTY INFORMATION (CONTINUED)

Directors

The names of persons who were Directors of Botswana Metals Limited at any time during the years ended 30 June 2016 and 30 June 2015 are as follows: Mr P J Volpe, Dr P Woolrich and Mr M L Cellante.

Other Key Management Personnel

Mr R Jimenez was the only other KMP in office at any time during the years ended 30 June 2016 and 30 June 2015 in his role as Company Secretary.

Remuneration and shares and options

Information on remuneration of Directors and other KMP is disclosed in the Remuneration Report and Note 5 to the financial statements. Remuneration is paid or accrued to the Director/Executive or to a related company for the provision of the services of the person.

Information on the shares and options held by Directors and other KMP, and the movements in their holdings, is disclosed in the Remuneration Report.

Other Transactions with Directors and Director-Related Entities

There were no other transactions with Directors and Director-Related Entities in the year to 30 June 2016.

Ownership Interests in Related Parties

Interests held in the following classes of related parties are set out in the following notes:

Controlled Entities	Note 10

NOTE 23 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The consolidated group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

(i) Treasury Risk Management

The Board of Directors meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

(ii) Financial Risk Exposures and Management

The main risk the group is exposed to through its financial instruments is liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management Policies

(ii) Financial Risk Exposures and Management (continued)

Liquidity Risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages liquidity risk by monitoring forecast cash flows and only investing surplus cash with major financial institutions. For further commentary on the Group's liquidity risk profile please refer to the Going Concern note contained in Note 1.

Maturity analysis:

Consolidated 2016	<6 months $	6-12 months $	1-5 years $	>5 years $	Total $
Financial liabilities					
Trade and other payables	411,397	-	-	-	411,397

Consolidated 2015	<6 months $	6-12 months $	1-5 years $	>5 years $	Total $
Financial liabilities					
Trade and other payables	547,295	-	-	-	547,295

The Directors have confirmed their intention and ability to forebear from seeking cash payments from the Company in respect of accrued remuneration owing as at 30 June 2016 for a period of at least 12 months from the date of signing of these accounts, or to such point in time that the company is able to satisfy its commitments and obligations to its suppliers and employees without such help and without jeopardizing its available working capital position. Directors will continue to be paid part of their remuneration in cash and the balance will be accrued.

Foreign Currency Risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The consolidated entity also has exposure to foreign exchange risk due to the currency cash reserves and other balances denominated in foreign currencies. The consolidated entity does not actively manage foreign currency risk and does not make use of derivative financial instruments.

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date.

At 30 June 2016, had the Australian Dollar/Botswana Pula exchange rate moved, as illustrated in the table below with all other variables held constant, post-tax profit would have been affected as shown.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management Policies

(ii) Financial Risk Exposures and Management (continued)

Judgments of reasonable possible movements	Post-tax Loss Higher/(Lower)		Other Comprehensive Income Higher/(Lower)		Equity Higher/(Lower)	
	2016	2015	**2016**	2015	**2016**	2015
	$	$	**$**	$	**$**	$
AUD/BWP +5%	**(8,247)**	(933)	**(28,858)**	31,184	**364,311**	385,519
AUD/BWP - 5%	**8,247**	933	**28,858**	(31,184)	**(364,311)**	(385,519)

Management believes the reporting date risk exposures are representative of the risk exposure inherent in the financial instruments. The higher foreign currency exchange rate sensitivity in profit in 2016 compared with 2015 is attributable to the change in financial performance of African Metals (Pty) Ltd. Equity is less sensitive in 2016 than 2015 because of increased net assets denominated in BWP.

(b) Net Fair Values

The net fair values of financial assets and liabilities approximate their carrying values due to their short-term nature.

NOTE 24 PARENT ENTITY DISCLOSURES

Financial Position	**2016**	2015
	$	$
Assets		
Current assets	**525,665**	290,840
Non-current assets	**12,270,854**	11,913,116
Total assets	**12,796,519**	12,203,956
Liabilities		
Current liabilities	**348,634**	478,814
Non-current liabilities	**-**	-
Total liabilities	**348,634**	478,814
Equity		
Issued capital	**16,958,181**	15,425,548
Reserves	**60,000**	88,000
Accumulated losses	**(4,570,296)**	(3,788,406)
Total equity	**12,447,885**	11,725,142

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 24 PARENT ENTITY DISCLOSURES

	2016	2015
	$	$
Financial Performance		
Loss for the year	**(781,890)**	(743,901)
Other comprehensive income	**-**	-
Total comprehensive loss	**(781,890)**	(743,901)

Guarantees, contingent liabilities and contractual commitments

The subsidiary company has expenditure commitments to maintain its current rights of tenure to exploration and mining tenements up until the expiry of the leases including its joint venture commitments. These obligations are subject to renegotiation upon expiry of the leases and are not provided for in the financial statements. The parent entity has committed to providing funds to ensure the subsidiary company can fulfil these commitments as well as any other operating commitments.

NOTE 25 COMPANY DETAILS

The principal place of business and registered office is:
Suite 506, Level 5
1 Princess Street
Kew, Victoria 3101

DIRECTORS' DECLARATION

1. The Directors declare that the financial statements and notes set out on pages 38 to 66 are in accordance with the *Corporations Act 2001* and:

   a) comply with International Financial Reporting Standards, as stated in Note 1 to the financial statements;

   b) comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and

   c) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Group.

2. The Executive Chairman and Company Secretary have each declared that:

   a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   b) the financial statements and notes for the financial year comply with Australian Accounting Standards; and

   c) the financial statements and notes for the financial year give a true and fair view.

3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Patrick J Volpe
Director
Dated 30 September 2016
Kew, Victoria

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA METALS LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report of Botswana Metals Limited (the Company) and the entities it controlled at year's end or from time to time during the financial year (the consolidated entity). The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CHARTERED ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA METALS LIMITED AND CONTROLLED ENTITIES (CONT)

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion
In our opinion:

a) the financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the Company and consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter
Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the entity incurred a net loss of $945,679 during the period ended 30 June 2016 and cash outflows from operations for the period of $898,438. These conditions along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion, the Remuneration Report of Botswana Metals Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA METALS LIMITED AND CONTROLLED ENTITIES (CONT)

Matters Relating to the Electronic Presentation of the Audited Financial Report
This auditor's report relates to the financial report of Botswana Metals Limited for the year ended 30 June 2016 included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of the company's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck.

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J.C. Luckins
Director

Dated 30 September 2016

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 19 September 2016.

(A) NUMBER OF HOLDERS OF EACH CLASS OF SECURITIES

Ordinary Shares

2,177 holders

Options - quoted

371 holders

(B) DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

Ordinary Shares

	Holders	Units	Percentage
1 – 1,000	272	123,985	0.01%
1,001 – 5,000	312	898,774	0.08%
5,001 – 10,000	165	1,322,666	0.11%
10,001 – 100,000	656	29,790,023	2.57%
100,001 and over	772	1,126,210,355	97.23%
	2,177	**1,158,345,803**	**100.00%**

There were 1,452 holders of less than a marketable parcel of ordinary shares.

Options - quoted
Exercise price $0.015 – expiring 31/12/2016

	Holders	Units	Percentage
1 – 1,000	3	1,337	>0.01%
1,001 – 5,000	13	36,401	0.01%
5,001 – 10,000	16	111,829	0.03%
10,001 – 100,000	104	5,113,897	1.25%
100,001 and over	259	404,970,469	98.72%
	395	**410,233,933**	**100.01%**

There were 222 holders of less than a marketable parcel of options

(C) EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted Ordinary Shares are listed below:

	Ordinary Shares	
	Number	Percentage
Vermar Pty Ltd / Trayburn Pty Ltd / Mr Patrick John Volpe	187,827,897	16.22%
Bell IXL Investments Pty Ltd / Cellante Securities Pty Ltd	73,941,742	6.38%
Comp-World Limited	52,640,869	4.55%
Polarity B Pty Ltd	40,476,611	3.49%
Mr Yi Chen	35,000,000	3.02%

SHAREHOLDER INFORMATION (CONTINUED)

Mr Matthew John Hudson	26,180,606	2.26%
Mining Investments Limited	25,000,000	2.16%
Cleanwest Property Services Pty Ltd	15,640,514	1.35%
J P Morgan Nominees Australia Limited	15,459,858	1.33%
Mr Jason David Moon	10,311,112	0.89%
Mr Alexander Naum + Mrs Albina Abayeva	10,000,000	0.86%
Mr Huu Thinh Luu	9,290,000	0.80%
Claric 182 Pty Ltd	8,932,293	0.78%
Productofoam Holdings Pty Ltd	8,888,889	0.77%
Mr Samuel Kah Teck Ng	8,000,000	0.69%
Mr Brett Royston Mitchinson	7,283,333	0.64%
Mrs Ratchaporn Songprasit	6,875,000	0.59%
Pathold No 77 Pty Ltd	6,533,276	0.56%
Mr Barrie Ernest Laws + Mrs Merrilyn Frances Laws	6,500,000	0.56%
Mr Chin Yong Chong	6,500,000	0.56%
	561,282,000	**48.46%**

The names of the twenty largest holders of quoted Options are listed below:

	Options – quoted	
	Number	**Percentage**
Vermar Pty Ltd / Trayburn Pty Ltd	44,296,738	10.80%
Polarity B Pty Ltd	20,890,483	5.09%
S H Rayburn Nominees Pty Ltd	16,300,000	3.98%
Bell IXL Investments Pty Ltd / Cellante Securities Pty Ltd	15,000,000	3.66%
Mr Kong Loong Wong	15,000,000	3.66%
Shenley Pty Ltd	10,000,000	2.44%
Mr Jason Yin	8,800,000	2.15%
Mr Roger William Harris Arundell	8,600,000	2.10%
Mr Sufian Ahmad	8,490,000	2.07%
Mr Graeme Alan Menzies	7,200,000	1.76%
Mr Daniel McKinnirey	6,500,000	1.58%
Toro De Plata Pty Ltd	6,500,000	1.58%
CBN Enterprises Pty Ltd	6,150,000	1.50%
Kushkush Investments Pty Ltd	5,066,400	1.24%
Mr Rex Hsuan Yin Lin	5,000,000	1.22%
Mr Koko Zaw	5,000,000	1.22%
Mr Matthew John Hudson	4,935,000	1.20%
F C Investments Pty Ltd	4,125,000	1.01%
Tirelem Pty Ltd	4,000,000	0.98%
Mr Hongtao Cui	3,722,099	0.91%
	205,575,720	**50.15%**

SHAREHOLDER INFORMATION (CONTINUED)

(D) SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are:

	Ordinary Shares	
	Number	**Percentage**
Vermar Pty Ltd / Trayburn Pty Ltd / Mr Patrick John Volpe	187,827,897	16.22%
Bell IXL Investments Pty Ltd / Cellante Securities Pty Ltd	73,941,742	6.38%

(E) VOTING RIGHTS

The voting rights attaching to each class of equity security are set out below:

Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

(F) RESTRICTED / UNQUOTED SECURITIES

There are no restricted or unquoted securities on issue.

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Tenement	Renewal / Expiry Date	Percentage Holding of Title	Title Holder	Comment
Magogaphate PL 110/94	31/03/2018	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd holds 5% net profits share. BCL Limited has earned a 40% contractual interest in the licence with effect from 1 July 2016.
Mokoswane PL 111/94	31/03/2018	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd holds 5% net profits share. BCL Limited has earned a 40% contractual interest in the licence with effect from 1 July 2016.
Takane PL 54/98	31/03/2018	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd holds 5% net profits share. BCL Limited has earned a 40% contractual interest in the licence with effect from 1 July 2016.
Shashe South PL 059/2008	30/09/2016	100	African Metals (Pty) Ltd	Application for renewal submitted 30 June 2016. J/V with BCL Ltd subject to formal documentation.
Central PL 070/2008	30/09/2016	100	African Metals (Pty) Ltd	Licence will lapse on the expiry date.
PL 193/2016	30/09/2019	100	African Metals (Pty) Ltd	
PL 194/2016	30/09/2019	100	African Metals (Pty) Ltd	
PL 195/2016	30/09/2019	100	African Metals (Pty) Ltd	